

*Translation of the consolidated financial statements  
And audit report originally issued in Arabic*

**Sixth of October for Development and Investment Company “SODIC”  
(An Egyptian Joint Stock Company)  
Consolidated Financial Statements  
For the Financial Year Ended December 31, 2020  
And Auditor’s Report**

 **Hazem Hassan**  
**Public Accountants & Consultants**

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**Auditor's Report**  
**To the Shareholders of Sixth of October**  
**for Development and Investment Company "SODIC"**

***Report on the Consolidated Financial Statements***

We have audited the accompanying consolidated financial statements of Sixth of October for Development and Investment Company "SODIC" (S.A.E.), which comprise the consolidated statement of financial position as at December 31, 2020, and the consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

***Management's Responsibility for the Consolidated Financial Statements***

These consolidated financial statements are the responsibility of Company's management. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Egyptian Accounting Standards and in the light of the prevailing Egyptian laws, management responsibility includes, designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; management responsibility also includes selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

***Auditor's Responsibility***

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Egyptian Standards on Auditing and in the light of the prevailing Egyptian laws. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.



Hazem Hassan

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### ***Opinion***

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Sixth of October for Development and Investment Company "SODIC", as at December 31, 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Egyptian Accounting Standards and the Egyptian laws and regulations relating to the preparation of these financial statements.

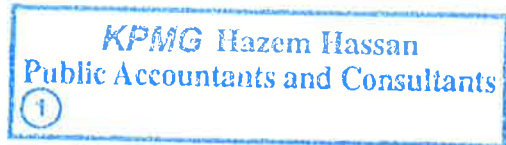
### ***Report on Other Legal and Regulatory Requirements***

The financial information included in the Board of Directors' report, prepared in accordance with Law No. 159 of 1981 and its executive regulations, is in agreement with the Company's books of account, according to the limits of this information in books.

**KPMG Hazem Hassan**

**Public Accountants & Consultants**

Cairo March 28<sup>th</sup>, 2021



**Sixth of October for Development and Investment Company "SODIC"**  
**(An Egyptian Joint Stock Company)**  
**Consolidated statement of financial position as at**

EGP	Note No.	31 December 2020	31 December 2019	31 December 2018
<b>Non-current assets</b>				
Property, plant, equipment	(25)	581 410 188	294 115 466	287 051 622
Projects under construction	(26)	134 774 619	115 181 723	11 137 625
Biological Assets under progress		-	-	7 944 190
Investment properties under development	(27)	2 103 226 267	-	-
Investments in associates and joint ventures	(28)	377 843	1 309 465	3 000 000
Investments at fair value through OCI		-	-	4 250 000
Investment properties	(29)	137 928 366	117 718 530	120 313 395
Right of use - Assets	(30-1)	54 496 633	-	-
Trade and notes receivable	(20-2)	794 441 952	615 182 905	291 548 105
Deffered tax assets	(15)	64 271 015	28 336 690	-
<b>Total non-current assets</b>		<b>3 870 926 883</b>	<b>1 171 844 779</b>	<b>725 244 937</b>
<b>Current assets</b>				
Inventory	(17)	7 876 394	7 026 360	8 216 290
Completed units ready for sale	(18)	69 642 963	17 049 107	21 884 293
Works in process	(19)	14 375 083 694	13 645 418 623	8 820 311 729
Trade and notes receivable	(20)	1 218 170 107	1 021 118 791	721 366 660
Debtors and other debit balances	(20-1)	2 995 420 876	3 023 371 253	2 659 677 232
Loans to joint ventures	(22)	-	-	-
Financial investments at amortized cost "treasury bills"	(23)	674 786 982	1 377 693 049	1 927 465 583
Cash and cash equivalents	(24)	1 535 698 054	1 488 108 459	1 363 217 018
<b>Total current assets</b>		<b>20 876 679 070</b>	<b>20 579 785 642</b>	<b>15 522 138 805</b>
<b>Total assets</b>		<b>24 747 605 953</b>	<b>21 751 630 421</b>	<b>16 247 383 742</b>
<b>Equity</b>				
Issued & paid in capital	(31-1)	1 424 789 472	1 396 715 488	1 369 194 672
Legal reserve	(31-2)	223 686 635	213 930 055	213 930 055
Special reserve - share premium	(31-3)	1 382 852 956	1 410 926 940	1 389 595 728
Retained earnings		2 954 919 721	2 345 876 349	1 847 915 972
Profit from sale of treasury shares	(32)	1 725 456	1 725 456	1 725 456
Reserve for employee stock option plan	(49)	21 528 566	23 772 451	21 001 101
Treasury shares		-	-	(12 833)
<b>Equity attributable to equity holders of the Company</b>		<b>6 009 502 806</b>	<b>5 392 946 739</b>	<b>4 843 350 151</b>
Non-controlling interests	(33)	62 982 621	58 804 134	63 701 852
<b>Total equity</b>		<b>6 072 485 427</b>	<b>5 451 750 873</b>	<b>4 907 052 003</b>
<b>Non-current liabilities</b>				
Loans	(34)	1 822 342 750	1 281 130 084	933 339 597
Creditors and notes payable	(35)	13 429 153	67 545 617	276 650 024
New Urban Communities Authority	(36)	5 349 923 684	4 806 340 854	-
Lease contracts liabilities	(30-2)	46 909 744	-	-
Deffered tax liabilities		-	-	13 494 124
<b>Total non-current liabilities</b>		<b>7 232 605 331</b>	<b>6 155 016 555</b>	<b>1 223 483 745</b>
<b>Current liabilities</b>				
Banks Facilities		226 619	-	-
Loans - Short term	(34)	433 651 176	592 714 355	586 931 449
Advances - from customers	(37)	7 619 243 097	6 789 333 414	6 913 957 354
Contractors, suppliers and notes payable	(38)	652 179 321	704 819 389	875 972 969
Income tax liabilities		294 881 455	246 244 633	251 657 246
New Urban Communities Authority	(36)	262 491 314	97 370 724	-
Creditors and other credit balances	(39)	1 829 169 680	1 526 466 573	1 184 283 289
Lease contracts liabilities	(30-2)	14 251 473	-	-
Provision	(40)	336 421 060	187 913 905	304 045 687
<b>Total current liabilities</b>		<b>11 442 515 195</b>	<b>10 144 862 993</b>	<b>10 116 847 994</b>
<b>Total liabilities</b>		<b>18 675 120 526</b>	<b>16 299 879 548</b>	<b>11 340 331 739</b>
<b>Total equity and liabilities</b>		<b>24 747 605 953</b>	<b>21 751 630 421</b>	<b>16 247 383 742</b>


\* The accompanying notes form an integral part of these consolidated financial statements and to be read therewith.

Financial Manager



Mohamed Samir

Group Financial  
Controller



Ahmed Hegazi

Chief Financial  
Officer



Omar Elhamawy

Managing Director



Magued Sherif

Chairman



Osama Saleh

"Auditor's report attached"

**Sixth of October for Development and Investment Company "SODIC"**

**(An Egyptian Joint Stock Company)**

**Consolidated statement of profit or loss  
for the financial year ended December 31,**

EGP	<u>Note No</u>	2020	2019
<b>Revenues</b>			
Sales of real estate	(6)	5 188 606 961	5 118 423 331
Revenues of services of managing cities and resorts		328 571 579	227 876 141
Revenues of investment property		39 584 316	19 047 908
Revenues from Clubs and golf course		16 729 253	16 646 776
<b>Total operation revenues</b>		<b>5 573 492 109</b>	<b>5 381 994 156</b>
<b>Cost of sales</b>			
Cost of sales of real estate	(7)	( 3 454 301 143)	( 3 605 283 907)
Costs of services of managing cities and resorts		(253 101 380)	(203 068 270)
Costs of investment property		(11 299 895)	(11 185 566)
Cost of Clubs and golf course		(74 156 247)	(47 718 168)
<b>Total operation costs</b>		<b>(3 792 858 665)</b>	<b>(3 867 255 911)</b>
<b>Gross profit</b>		<b>1 780 633 444</b>	<b>1 514 738 245</b>
Other operating revenues	(8)	105 029 030	74 919 495
Selling and marketing expenses	(9)	(378 277 480)	(385 105 870)
General and administrative expenses	(10)	(500 311 866)	(493 507 197)
Other operating expenses	(11)	(4 023 008)	(1 998 444)
Reversal / (Charges) for expected credit losses	(12)	14 467 023	(6 634 720)
<b>Operating profit</b>		<b>1 017 517 143</b>	<b>702 411 509</b>
Finance income	(13)	220 823 680	443 991 289
Finance cost	(14)	(147 706 518)	(216 318 103)
<b>Net finance income</b>		<b>73 117 162</b>	<b>227 673 186</b>
<b>Net profit before tax</b>		<b>1 090 634 305</b>	<b>930 084 695</b>
Income tax	(15)	(264 675 048)	(208 839 940)
<b>Profit for the year</b>		<b>825 959 257</b>	<b>721 244 755</b>
<b>Attributable to:</b>			
Equity holders of the Company		819 650 973	719 405 021
Non-controlling interests	(33)	6 308 284	1 839 734
<b>Net profit for the year</b>		<b>825 959 257</b>	<b>721 244 755</b>
<b>Earnings per share (EGP / Share)</b>	(16)	<b>2.30</b>	<b>2.02</b>

\* The accompanying notes form an integral part of these consolidated financial statements and to be read therewith.

**Sixth of October for Development and Investment Company "SODIC"**  
**(An Egyptian Joint Stock Company)**  
**Consolidated statement of comprehensive income**  
**for the financial year ended December 31,**

<b>EGP</b>	<b>Note</b>	<b>2020</b>	<b>2019</b>
	<u><b>No</b></u>		
<b>Profit of the year</b>		<u>825 959 257</u>	<u>721 244 755</u>
<b>Total other comprehensive income items for the year after income tax</b>		<u>-</u>	<u>-</u>
<b>Total comprehensive income of the year</b>		<u><b>825 959 257</b></u>	<u><b>721 244 755</b></u>
<b>Total comprehensive income is attributable to:</b>			
Equity holders of the Company		819 650 973	719 405 021
Non-controlling interests	(33)	<u>6 308 284</u>	<u>1 839 734</u>
<b>Total comprehensive income for the year</b>		<u><b>825 959 257</b></u>	<u><b>721 244 755</b></u>

\* The accompanying notes form an integral part of these consolidated financial statements and to be read therewith.

Sixth of October for Development and Investment Company "SODIC"  
(An Egyptian Joint Stock Company)  
Consolidated statement of changes in Equity  
for the financial year ended December 31,

ECP	Note No.	Issued and paid in capital	Legal reserve	Special reserve-share premium	Retained earnings	Treasury shares	Profit / (losses) from selling of treasury shares	Reserve for employee stock option plan	Total	Non-Controlling interests	Total equity
Balance as at December 31, 2018		1 369 194 672	213 930 055	1 389 595 728	1847 915 972	(12 833)	1 725 456	21 001 101	4 843 350 151	63 701 852	4 907 052 003
<b>Total comprehensive income</b>											
Net profit for the year		-	-	-	719 405 021	-	-	-	719 405 021	1 839 734	721 244 755
Other comprehensive income items		-	-	-	-	-	-	-	-	-	-
<b>Total comprehensive income</b>		-	-	-	719 405 021	-	-	-	719 405 021	1 839 734	721 244 755
<b>Transactions with owners of the Company</b>											
Increase in capital		27 520 816	-	(27 520 816)	-	-	-	-	-	-	-
Dividends		-	-	-	(219 685 098)	-	-	1 760 444	(217 924 654)	-	(217 924 654)
Transferred to special reserve-share premium		-	-	30 343 148	-	-	-	-	30 343 148	-	30 343 148
Reserve for employee stock option plan		-	-	-	-	-	-	19 519 786	19 519 786	-	19 519 786
Executed amounts of employees stock option		-	-	18 508 880	-	-	-	(18 508 880)	-	-	-
Dividends for non-controlling interests		-	-	-	-	-	-	-	-	(3 996 998)	(3 996 998)
Purchasing of non-controlling interests without change in control		-	-	-	(1 759 546)	-	-	-	(1 759 546)	(2 740 454)	(4 500 000)
Selling of treasury shares		-	-	-	-	12 833	-	-	12 833	-	12 833
<b>Total transactions with owners of the Company</b>		27 520 816	-	21 331 212	(221 444 644)	12 833	-	2 771 350	(169 808 433)	(6 737 452)	(176 545 885)
Balance as at December 31, 2019		1 396 715 488	213 930 055	1 410 926 940	2 345 876 349	-	1 725 456	23 772 451	5 392 946 739	58 804 134	5 451 750 873
<b>Balance as at January 1, 2020 before adjustment</b>		1 396 715 488	213 930 055	1 410 926 940	2 339 257 592	-	1 725 456	23 772 451	5 392 946 739	58 804 134	5 451 750 873
Adjustments of early adopting new Egyptian accounting standards	(5)	-	-	-	(6 618 757)	-	-	-	(6 618 757)	-	(6 618 757)
<b>Balance as at January 1, 2020 after adjustment</b>		1 396 715 488	213 930 055	1 410 926 940	2 339 257 592	-	1 725 456	23 772 451	5 386 327 982	58 804 134	5 445 132 116
<b>Total comprehensive income for the year</b>											
Net profit for the year		-	-	-	819 650 973	-	-	-	819 650 973	6 308 284	825 959 257
Other comprehensive income items		-	-	-	-	-	-	-	-	-	-
<b>Total comprehensive income</b>		-	-	-	819 650 973	-	-	-	819 650 973	6 308 284	825 959 257
<b>Transactions with owners of the Company</b>											
Increase in capital		28 073 984	-	(28 073 984)	-	-	-	-	-	-	-
Transferred to legal reserve		-	9 756 580	-	(9 756 580)	-	-	-	-	-	-
Dividends to employees in subsidiaries		-	-	-	(2 503 670)	-	-	1 936 488	(2 503 670)	-	(2 503 670)
Dividends		-	-	-	(211 248 380)	-	-	-	(209 311 892)	-	(209 311 892)
Reserve for bonus and incentive plan		-	-	-	-	-	-	14 961 380	14 961 380	-	14 961 380
Dividends to non-controlling interests in subsidiaries		-	-	-	-	-	-	-	-	(2 129 797)	(2 129 797)
Transferred to profit or loss - credit interest on ESOP account		-	-	-	-	-	-	378 033	378 033	-	378 033
Transferred to retained earnings- unexecuted stock option		-	-	-	19 519 786	-	-	(19 519 786)	-	-	-
<b>Total transactions with owners of the Company</b>		28 073 984	9 756 580	(28 073 984)	(203 988 844)	-	-	(2 243 885)	(196 476 149)	(2 129 797)	(198 605 946)
Balance at December 31, 2020		1 424 789 472	223 686 635	1 382 852 956	2 954 919 721	-	1 725 456	21 528 566	6 009 502 806	62 982 621	6 072 485 427

\* The accompanying notes form an integral part of these consolidated financial statements and to be read therewith.

**Sixth of October for Development and Investment Company "SODIC"**

**(An Egyptian Joint Stock Company)**

**Consolidated statement of cash flows  
for the financial year ended December 31,**

EGP	Note No	2020	2019
<b><u>Cash flows from operating activities</u></b>			
Net profit for the year before tax		1 090 634 305	930 084 695
<b><u>Adjustments for:</u></b>			
Depreciation of fixed assets , investment properties and Right in use assets	(25) + (29) + (30)	73 362 383	50 237 096
Capital (gain) loss	(8) + (11)	( 359 679)	55 727
Interest on lease contract liabilities	(14)	5 409 812	-
Return on investments at amortized cost	(13)	( 151 573 510)	( 283 936 716)
Revenue from sale of investments at fair value through OCI		-	( 4 410 844)
Credit interest for the amount for bonus and incentive plan set aside		378 033	-
impairment in associates & joint ventures		931 622	1 690 535
Provisions formed	(40)	212 335 736	142 176 091
Provisions no longer required	(40)	-	( 13 021 400)
Reversal of impairment of property, plant and equipment	(8)	( 1 822 589)	( 1 822 589)
(Reversal) expected credit loss	(12)	( 14 467 023)	6 634 720
Employees stock option plan expense in shares	(10)	14 961 380	19 519 786
<b><u>Changes in:</u></b>			
Inventory		( 850 034)	1 189 930
Finished units available for sale		( 64 542 505)	( 138 983)
Works in process		( 1 376 165 651)	( 17 756 130)
Trade and notes receivables		( 378 348 609)	( 623 303 263)
Debtors and other debit balances		45 231 898	( 366 067 356)
Loans to joint ventures		( 904 668)	( 4 257 485)
Provisions used	(40)	( 63 828 581)	( 245 286 473)
Advances from customers		( 37 986 446)	( 124 623 940)
Contractors, suppliers and notes payable		( 52 640 068)	( 380 257 987)
Creditors and other credit balances & NUCA		131 734 600	342 183 284
Paid income tax		( 251 972 551)	( 256 083 367)
Restricted cash		4 760 391	24 180 393
<b>Net cash (used in) operating activities</b>		<b>(815 721 754)</b>	<b>(803 014 276)</b>
<b><u>Cash flows from investing activities</u></b>			
Payments for purchase of fixed assets, projects under construction		( 66 844 737)	( 47 859 823)
Payments for investments at amortized cost		( 1 821 647 641)	( 2 599 146 919)
Proceeds from sale of investments at fair value through OCI		-	8 660 844
Proceeds from investments at amortized cost		2 676 127 218	3 432 856 169
Payment for operating lease contracts liabilities		( 20 187 390)	-
Payments for acquiring additional shares in subsidiaries		-	( 4 500 000)
Proceeds from sale of fixed assets		821 579	68 117
<b>Net cash generated from investing activities</b>		<b>768 269 029</b>	<b>790 078 388</b>
<b><u>Cash flows from financing activities</u></b>			
(Payments for) banks - credit facilities		( 977 091)	( 2 344 483)
Proceeds banks - credit facilities		1 203 710	2 344 483
Proceeds from loans		879 460 460	1 010 504 842
(Paid to) loans		( 565 993 124)	( 656 931 449)
Proceeds from sale of treasury shares		-	12 833
Dividends to employees and BOD of Subsidiaries		( 2 503 670)	-
Dividends to non-controlling interests		( 2 129 797)	( 3 996 998)
Proceeds from bounce, stock option and incentive plan		-	30 343 148
Dividends paid		( 209 071 518)	( 217 924 654)
<b>Net cash generated from financing activities</b>		<b>99 988 970</b>	<b>162 007 722</b>
<b>Net increase in cash and cash equivalents</b>		<b>52 536 245</b>	<b>149 071 834</b>
Cash and cash equivalents at January 1		1 475 069 580	1 325 997 746
<b>Cash and cash equivalents at December 31</b>	(24)	<b>1 527 605 825</b>	<b>1 475 069 580</b>

\* The accompanying notes form an integral part of these consolidated financial statements and to be read therewith.

**Sixth of October for Development and Investment Company "SODIC"**  
**(An Egyptian Joint Stock Company)**  
**Notes to the consolidated financial statements**  
**for the financial year ended December 31, 2020**

**1. Background and activities**

**1-1** Sixth of October for Development and Investment Company "SODIC"– An Egyptian Joint Stock Company – was incorporated in accordance with the provisions of Law No. 159 of 1981 and its Executive Regulations and considering the provisions of Law No. 95 of 1992 and its Executive Regulations and by virtue of the decree of the Minister of Economy and International Cooperation No. 322 of 1996 issued on May 12, 1996. The Company was registered in Giza Governorate Commercial Registry under No. 625 on May 25, 1996.

**1-2** The purpose of the Company is represented in the following:

- Land acquisition and the subsequent sale/lease to clients after connecting the relevant infrastructure.
- Operating in the field of construction, integrated construction and supplementary works.
- Planning, dividing and preparing lands for building and construction according to modern building techniques.
- Building, selling and leasing all various types of real estate.
- Developing and reclaiming land in the new urban communities.
- Operating in the field of tourism development and tourism related establishments including, building, managing, selling or utilizing hotels, motels and tourist villages in accordance with applicable Egyptian laws and regulations.
- Building, managing, selling and leasing –residential, service, commercial, industrial and tourism projects.
- Importing and operating as trade agents within the allowable limits of the Company's purpose (not with the purpose of trading)
- Financial leasing in accordance with Law No. 95 of 1995.
- Working in all fields of information technology and systems, hardware and software (computer software and services).
- Operating in fields of communication systems, internet, space stations and transmission except for the field of satellites.
- Investing in the various activities related to petroleum, gas and petrochemicals.
- Operating in the field of coordinating and planting gardens, roads and squares and also providing security, steward - ship, maintenance and cleaning services.
- Operating in the field of ownership and management of sporting, entertainment, medical, educational buildings and also ownership, management and operating of restaurants.
- In addition, the Company may have interest or participate in any manner with companies or others that share similar activities or which may assist it to achieve its purposes in Egypt or abroad.

Also the Company is entitled to merge into or acquire the aforementioned companies or make them subsidiaries in accordance with the provisions of law and its executive regulations.

**1-3** The Company's duration is 50 years starting from the date of registration in the Commercial Registry.

**1-4** The Company is listed on the Egyptian Exchange.

**1-5** The interim consolidated financial statements of Sixth of October for Development & Investment Company "SODIC" (the Parent Company) for the financial period ended September 30, 2020 comprise the financial statements of the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in the profit or loss of associates and joint ventures.

The registered office of the Parent Company is located at Km. 38 Cairo / Alexandria Desert Road, Sheikh Zayed City. Mr. Osama Saleh is the Chairman for the Parent Company and Mr. Maged Sherif, is the Managing Director of the Parent Company.

**Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)**  
**Notes to the consolidated interim financial statements for the financial year ended December 31, 2020**

**2. Basis of preparation of consolidated interim financial statements**

**Compliance with accounting standards and laws**

- The consolidated financial statements have been prepared in accordance with Egyptian Accounting Standards and applicable laws and regulations.
- The consolidated financial statements were approved by the Board of Directors on March 28, 2021.
- Details of the Group's accounting policies are included in Note (54).
- This is the first consolidated financial statements of the Company in which Egyptian Accounting Standard No.47 "Financial instruments", Egyptian Accounting Standard No.48 "Revenue from Contracts with Customers", and Egyptian Accounting Standard No. 49 "Lease contracts" have been applied. The related changes to significant accounting policies are described in Note No. (5).

**3. Functional and presentation currency**

- The consolidated financial statements are presented in Egyptian Pounds, which is the Company's functional currency.

**4. Use of judgment and estimates**

- In preparing the consolidated financial statements in accordance with Egyptian Accounting Standards (EAS), management has made judgments, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. These estimates and assumptions are based on past experience and various factors. Actual results may differ from these estimates.
- Estimates and underlying assumptions are reviewed on an ongoing basis.
- The recognition of the change in accounting estimates in the period in which the change in estimate, if the change affects only that period, or in the period of change and future periods if the change affects both.

**A- Judgments**

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements is included in the following notes:

- Revenue recognition: revenue is recognized as detailed in the accounting policies applied.
- Equity-accounted investees (associates Companies): whether the Company has significant influence over an investee.
- Lease contracts classification.

**B- Assumptions and estimation uncertainties**

Information about assumptions and estimation uncertainties at December 31, 2020 that might have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

- Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.
- Measurement of ECL for cash at banks, trade and notes receivables and other financial assets.

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**C- Measurement of fair values**

Certain number of the Company's accounting policies and disclosures require measurement of fair values, for both financial and non-financial assets and liabilities.

Accreditation is measured in the fair value of assets and liabilities mainly on available market data, and the data that is relied upon in the evaluation is classified according to the following hierarchy:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs of the quoted prices included in level (1) that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company recognizes transfers between levels of the fair value hierarchy at the end of the financial year during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Share-based payments.
- Financial instruments.
- Investment properties

**5. Changes in significant accounting policies**

On March 18, 2019, the Minister of Investment and International Cooperation introduced amendments to some provisions of the Egyptian Accounting Standards issued thereby by virtue of Decree No. 110 of 2015, which include some new accounting standards as well as introducing amendments to certain existing standards.

On April 12, 2020 the Egyptian Financial Regulatory Authority has agreed to postpone the application of the new Egyptian Accounting Standards on the periodic financial statements that will be issued during the year 2020

On September 17, 2020, the Prime Minister issued Decree No. 1871 of 2020 to postpone applying the following Egyptian accounting standards to January 1<sup>st</sup>, 2021.

- a) Egyptian Accounting Standard No.47 "Financial instruments"
- b) Egyptian Accounting Standard No.48 "Revenue from Contracts with Customers"
- c) Egyptian Accounting Standard No. 49 "Lease contracts"

- The Group management has decided to early adopt Egyptian Accounting Standard No. 47 "Financial instruments" (see A), Egyptian Accounting Standard No. 48 "Revenue from Contracts with Customers" (see B), and Egyptian Accounting Standard No. 49 "Lease contracts" (see C) from January 1, 2020.

- The Group has chosen to use the modified retrospective approach in implementing the above-mentioned standards, hence recognizing differences resulted from the implementation of the new standards "if any" in retained earnings at January 1, 2020. Comparative information was not restated to reflect the requirements of the new standards.

The following table presents the following:

- The transitional impact that adoption of Egyptian Accounting Standard No. 47 "Financial instruments", Egyptian Accounting Standard No. 48 "Revenue from Contracts with Customers", and Egyptian Accounting Standard No. 49 "Lease contracts" is expected to have on the opening balances of the Group's financial position, as of January 1, 2020.
- Reclassifications of comparative information of the group financial position as at December 31, 2019 "Note No.51".

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Notes to the consolidated financial statements for the financial year ended December 31, 2020

	Opening balances of Financial position before reclassifications		Reclassifications		Opening balances of financial position		Impact of EAS 47 Classification and measurement		Impact of EAS 48		Impact of EAS 49		Adjusted balances of financial position	
	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP
<b>Non-current assets</b>														
Right-of-use assets	-	-	-	-	-	-	-	-	-	-	-	-	63 828 713	63 828 713
Notes receivables	9 227 550 853	(8 612 367 948)	-	-	615 182 905	-	-	-	-	-	-	-	615 182 905	615 182 905
Other non-current assets	556 661 874	-	-	-	556 661 874	-	-	-	-	-	-	-	556 661 874	556 661 874
<b>Total non-current assets</b>	<b>9 784 212 727</b>	<b>(8 612 367 948)</b>			<b>1 171 844 779</b>								<b>63 828 713</b>	<b>1 235 673 492</b>
<b>Current assets</b>														
Works in process	13 645 418 623	-	-	-	13 645 418 623	-	-	-	867 896 129	-	-	-	14 513 314 752	14 513 314 752
Trade and notes receivable	3 895 838 189	(2 874 719 398)	-	-	1 021 118 791	-	-	-	-	-	-	-	1 021 118 791	1 021 118 791
Debtors and other debit balances	1 964 137 409	1 059 233 844	-	-	3 023 371 253	-	-	(144 057)	-	-	-	-	3 023 227 196	3 023 227 196
Cash and cash equivalents	2 596 006 141	(1 107 897 682)	-	-	1 488 108 459	-	-	(170 618)	-	-	-	-	1 487 937 841	1 487 937 841
Other current assets	24 075 467	-	-	-	24 075 467	-	-	-	-	-	-	-	24 075 467	24 075 467
<b>Total current assets</b>	<b>22 125 475 829</b>	<b>(2 923 383 236)</b>			<b>19 202 092 593</b>			<b>(314 675)</b>	<b>867 896 129</b>				<b>20 069 674 047</b>	<b>20 069 674 047</b>
<b>Total assets</b>	<b>31 909 688 556</b>	<b>(11 535 751 184)</b>			<b>20 373 937 372</b>			<b>(314 675)</b>	<b>867 896 129</b>				<b>63 828 713</b>	<b>21 305 347 539</b>
<b>Equity</b>														
Equity attributable to equity owners of the parent	5 392 946 739	-	-	-	5 392 946 739	-	-	(314 675)	-	-	(6 304 082)	-	5 386 327 982	5 386 327 982
Non-controlling interests	58 804 134	-	-	-	58 804 134	-	-	-	-	-	-	-	58 804 134	58 804 134
<b>Total Equity</b>	<b>5 451 750 873</b>	<b>-</b>			<b>5 451 750 873</b>			<b>(314 675)</b>	<b>-</b>		<b>(6 304 082)</b>		<b>5 445 132 116</b>	<b>5 445 132 116</b>
<b>Non-current liabilities</b>														
Lease liabilities	-	-	-	-	-	-	-	-	-	-	-	-	46 711 515	46 711 515
Other non-current liabilities	6 155 016 555	-	-	-	6 155 016 555	-	-	-	-	-	-	-	6 155 016 555	6 155 016 555
<b>Total non-current liabilities</b>	<b>6 155 016 555</b>	<b>-</b>			<b>6 155 016 555</b>			<b>-</b>	<b>-</b>		<b>46 711 515</b>		<b>6 201 728 070</b>	<b>6 201 728 070</b>
<b>Current liabilities</b>														
Advances - from customers	17 743 774 560	(10 954 441 146)	-	-	6 789 333 414	-	-	-	867 896 129	-	-	-	7 657 229 543	7 657 229 543
Lease liabilities	-	-	-	-	-	-	-	-	-	-	-	-	23 421 280	23 421 280
Other current liabilities	3 936 839 617	(581 310 038)	-	-	3 355 529 579	-	-	-	-	-	-	-	3 355 529 579	3 355 529 579
<b>Total current liabilities</b>	<b>21 680 614 177</b>	<b>(11 535 751 184)</b>			<b>10 144 862 993</b>			<b>-</b>	<b>867 896 129</b>				<b>23 421 280</b>	<b>11 036 180 402</b>
<b>Total equity &amp; liabilities</b>	<b>33 287 381 605</b>	<b>(11 535 751 184)</b>			<b>21 751 630 421</b>			<b>(314 675)</b>	<b>867 896 129</b>				<b>63 828 713</b>	<b>22 683 040 588</b>

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**A- Egyptian Accounting Standard No. (47) – Financial Instruments**

Egyptian Accounting Standard No. 47 sets out requirements for recognition and measuring financial assets & liabilities, and certain contracts for buying and selling non-financial items. This standard replaces the Egyptian Accounting Standard No.25 Financial instruments: presentation and disclosure, Egyptian Accounting Standard No. 26 Financial instruments: recognition and measurement and, Egyptian Accounting Standard No. 40 Financial instruments: disclosures.

**- Classification and measurement of financial assets and financial liabilities**

The new standard requires the Group to assess the classification of financial assets on its balance sheets in accordance with the cash flow characteristics of the financial assets and the relevant business model that the Group has for a specific class of financial assets.

Egyptian accounting standard No.47 no longer has an "Available-for-sale" classification for financial assets. The new standard has different requirements for debt or equity financial assets.

- Debt instruments should be classified and measured either at:
  - Amortized cost, where the effective interest rate method will apply;
  - Fair value through other comprehensive income, with subsequent recycling to the income statement upon disposal of the financial asset; or
  - Fair value through profit or loss.
- Investments in equity instruments, other than those to which consolidation or equity accounting apply, should be classified and measured either at:
  - Fair value through other comprehensive income, with subsequent recycling to the statement of profit or loss upon disposal of the financial asset; or
  - Fair value through profit or loss.

The Group will continue to initially measure financial assets at its fair value in addition to transaction cost upon initial recognition, except for financial assets measured at fair value through profit or loss, consistent with current practices. The majority of the financial assets classification will not be impacted by the transition Egyptian accounting standard No.47 on January 1, 2020. The reclassifications upon transition to Egyptian accounting standard No.47 are presented in the table presented earlier in this Note.

Egyptian Accounting Standard No. 47 largely retains the existing requirements in EAS No. 26 for the classifications and measurement of financial liabilities.

The adoption of Egyptian Accounting Standard No. 47 has no significant effect on the Group's accounting policies related to financial liabilities and derivative financial instruments.

**- Impairment**

Egyptian Accounting Standard No. 47 introduces the Expected Credit Loss model, which replaces the incurred loss model of EAS 26 whereby an allowance for doubtful debt was required only in circumstances where a loss event has occurred. By contrast, the Expected Credit Loss model requires the Group to recognize an allowance for doubtful debt on all financial assets carried at amortized cost, as well as debt instruments classified as financial assets carried at fair value through other comprehensive income, since initial recognition, irrespective whether a loss event has occurred.

As a result, the allowance for doubtful debt of the Group will increase upon implementation of EAS 47 on January 1, 2020. The expected impact of applying the Expected Credit Loss model is shown in the table presented earlier in this Note.

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- **Hedge Accounting**

Egyptian Accounting Standard No. 47, allows for more possibilities for the Group to apply hedge accounting. In addition, the requirements of the standard have been more closely aligned with the Group's risk management policies and hedge effectiveness will be measured prospectively.

The Group has not any hedge instruments as of the date of financial position.

- **Transition**

The Group has adopted the standard using the modified retrospective approach for classification and measurement and impairment. This means that the cumulative impact of the adoption will be recognized in retained earnings as of January 1, 2020 and that comparatives will not be restated.

B- **Egyptian Accounting Standard No. (48) – Revenue from Contracts with Customers**

Egyptian Accounting Standard No. (48), establishes a comprehensive framework for determining whether, how much and when revenue is recognized, It replaced the following EASs (EAS No. (11)"Revenue" and EAS No. (8) "Construction Contracts"), Revenue is recognized when a customer obtains control of the goods or services. Also, determining the timing of control transfer of control at a point of time or over time - requires personal judgment

- **Revenue recognition**

Due to the nature of the Group's, as well as the Group's existing accounting policies, the impact of Egyptian Accounting Standard No. (48), on revenue recognition by the Group will be material, as shown in the table presented earlier in this Note

- **Costs of obtaining a contract with customer**

Under Egyptian Accounting Standard No. (48), certain incremental costs incurred in acquiring a contract with a customer ("contract costs"), which previously did not qualify for recognition as an asset under any of the other accounting standards, will be deferred in the consolidated statement of financial position.

The expected impact of capitalizing contract costs upon implementation of Egyptian Accounting Standard No. (48), is shown in the table presented earlier in this Note.

- **Transition**

The Group has adopted the standard using the modified retrospective approach. This means that the cumulative impact of the adoption will be recognized in retained earnings as of January 1, 2020 and that comparatives will not be restated.

The impact of applying Egyptian Accounting Standard No. (48), on the Group financial position opening balances as at January 1, 2020 is shown in the table presented earlier in this Note.

C- **Egyptian Accounting Standard No. (49) – Lease Contracts**

Egyptian Accounting Standard No. (49), replaces Egyptian Accounting Standard No. (20) "Accounting rules and standards related to financial leasing operations". Egyptian Accounting Standard No. (49) "Lease Contracts" introduces a single accounting model for the lessor and the lessee where a lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments, taking into account that the lease contracts are not classified in respect of the lessee as operating or finance lease contracts. There are optional exemptions for short-term lease contracts and low-value lease contracts.

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- As a lessor, the Group shall classify each lease contract either as an operating lease or a finance lease contract.
- For finance lease contract, a lessor must recognize the assets held under a finance lease contract in the Statement of Financial Position and present them as receivable with an amount equivalent to the net investment in the lease contract.
- For operating leases contract, a lessor should recognize the lease payments of operating lease contracts as income either based on a straight-line method or based on any other regular basis.
- The impact of applying Egyptian Accounting Standard No. (49) ,on the Group financial position opining balances as at January 1, 2020 is shown in the table presented earlier in this Note

- **Recognition and measurement**

At the beginning of the contract, the Group assesses whether the contract includes lease arrangements, and in relation to such arrangements, the Group recognizes the right of use assets and lease contracts liabilities except for short-term lease contracts and low-value asset contracts as follows:

- Upon initial recognition the right of use asset is measured as the amount equal to initially measure lease liability adjusted for lease prepayments, initial direct cost, lease incentives and the discounted estimated asset retirement obligation. Subsequently the right of use assets will be measured at cost net of any accumulated depreciation and accumulated impairment losses. Amortization is calculated on a straight-line basis over the shorter estimated useful lives of the right-of-use assets or the lease term.
- The lease liability is measured upon initial recognition at the present value of the future lease payments over the lease term, discounted with the prevailing incremental borrowing rate. Generally, the Group uses the incremental borrowing rate as the discount rate. Subsequently lease liabilities are measured at amortized cost using the effective interest rate method.
- Right-of-use assets and lease liabilities will be re-measured subsequently if one of the following events occurs:
  - Change in lease price due to indexation or rate which has become effective in reporting period
  - Modifications to the lease contract
  - Reassessment of the lease term
- Leases which are short term in nature (less than 12 months including extension options) and leases of low value items will continue to be expensed in the statement of profit or loss as incurred.

- **Transition**

The Group early adopted Egyptian Accounting Standard No. (49), using the modified retrospective approach. This means that the cumulative impact of the adoption will be recognized in retained earnings as of January 1, 2020 and that comparatives will not be restated

On transition to Egyptian Accounting Standard No. (49), the Group elected to apply the practical method to exclude the evaluation according to which the transactions represent lease contracts. The Group applied Egyptian Accounting Standard No. (49), only to contracts that were previously identified as lease contracts. Contracts that were not identified as lease contracts under Egyptian Accounting Standard No. (20), were not reassessed. Therefore, the definition of a lease contract under Egyptian Accounting Standard No. (49), was applied only to contracts entered into or changed on January 1, 2020 or after that date. The Group used a number of the following practical incentives when applying Egyptian Accounting Standard No. (49), to lease

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contracts previously classified as operating lease contracts under Egyptian Accounting Standard No. (20):

- Apply a single discount rate to a Group of lease contracts with identical characteristics to a reasonable extent. The weighted-average incremental rate applied to lease liabilities expected to be recognized on January 1, 2020 is 8.75%
- Apply the exemption by not recognizing the assets and liabilities of the right of use asset which expire during year 2020.
- Excluded the initial direct cost from the measurement of the right of use asset on the date initial application.

The Group also elected to use recognition' exemptions for lease contracts that do not exceed lease terms 12 months or less from the first application date and do not include the option to purchase "short-term lease contracts" as well as low-value lease contracts "low-value assets".

- **The significant judgments in determining the term of the lease for contracts that includes renewal options**

The Group defines the term of the lease contract as the irrevocable period of the lease contract. In addition to any periods covered by the option to extend the lease contract if this right can be exercised in a reasonable degree, or any periods covered by the option to terminate the lease contract, if it is certain to exercise this right.

The Group has the option for certain lease contracts to lease assets for additional periods, the Group applies judgment in assessing whether it is certain and reasonable to exercise the option of renewal, this means that all relevant factors that create an economic incentive to practice renewal are taken into consideration, after the start date, the Group edits the lease term if there is a major event or change in conditions under its control and affects its ability to exercise (or not exercise) the renewal option (for example) a change in business strategy.

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**6. Real estate sales**

The Group's operations are considered to fall into one broad class of business, sale of real estate units and hence, segmental analysis of assets and liabilities is not considered meaningful. The Group's revenues can be analyzed as follows:

	<b>2020</b>	<b>2019</b>
	<b><u>EGP</u></b>	<b><u>EGP</u></b>
Revenues from the sale of Sodic projects in West Cairo	1 807 689 025	1 290 081 936
Revenues from the sale of Sodic projects in East Cairo	3 006 229 654	3 324 183 628
Revenues from the sale of Sodic projects in North Coast	327 557 093	451 756 076
	<b>5 141 475 772</b>	<b>5 066 021 640</b>
Sales Returns	(29 166 829)	-
	<b>5 112 308 943</b>	<b>5 066 021 640</b>
Interest income realized from installments during the year	179 425 677	169 083 044
Discount for early payment	(103 127 659)	(116 681 353)
	<b>5 188 606 961</b>	<b>5 118 423 331</b>

- Includes an amount of EGP 547 272 551 representing the financial component on installments collected from customers of delivered units prior to delivery in compliance with the Egyptian accounting standard No. 48.

**7. Cost of real estate sold**

	<b>2020</b>	<b>2019</b>
	<b><u>EGP</u></b>	<b><u>EGP</u></b>
Cost of sales of Sodic projects in West Cairo (*)	1 214 514 056	755 652 470
Cost of sales of Sodic projects in East Cairo	2 042 764 591	2 580 643 419
Cost of sales of Sodic projects in North Coast	211 235 138	268 988 018
	<b>3 468 513 785</b>	<b>3 605 283 907</b>
Cost of sales returns	(14 212 642)	-
	<b>3 454 301 143</b>	<b>3 605 283 907</b>

- Includes an amount of EGP 547 272 551 representing the capitalized interest on installments collected from customers of delivered units.
- (\*) Includes an amount of EGP 52 340 942 (2019: EGP 70 548 000) representing the adjustment to the cost of land for SODIC West El Sheikh Zayed plot as shown in detail in note (19).

**8. Other operating revenues**

	<b>2020</b>	<b>2019</b>
	<b><u>EGP</u></b>	<b><u>EGP</u></b>
Delay penalties and cancellations	85 449 835	54 106 406
Other income	17 396 926	14 320 258
Capital Gain	359 679	-
Gain from sale of investments	-	4 410 844
Reversal of impairment of property, plant and equipment	1 822 590	1 822 589
Provisions no longer required	-	259 398
	<b>105 029 030</b>	<b>74 919 495</b>

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**9. Selling and marketing expenses**

	<b>2020</b>	<b>2019</b>
	<b><u>EGP</u></b>	<b><u>EGP</u></b>
Salaries and wages	52 662 934	44 386 281
Sales commissions	151 810 693	148 418 060
Advertising expenses	95 736 571	113 542 018
Conferences, exhibitions and events	25 935 364	39 011 885
Rent (*)	2 999 856	15 240 806
Maintenance, cleaning and agriculture	2 226 758	2 814 739
Travel, transportation and cars	665 902	728 303
Professional and consultants' fees	10 183 258	5 588 905
Tips and gifts	5 879 504	581 209
Depreciation & amortization	15 132 749	2 334 833
Employees vacations	822 140	13 899
Fees and stamps	2 747 058	3 327 605
Printing and photocopying	3 841 350	3 566 081
Others	7 633 343	5 551 246
	<b><u>378 277 480</u></b>	<b><u>385 105 870</u></b>

(\*) Rent expense for year 2019 includes operating lease contract which are subject to EAS 49, The Group has adopted the standard using the modified retrospective approach. This means that the cumulative impact of the adoption will be recognized in retained earnings as of January 1, 2020 and that comparatives will not be restated.

**10. General and administrative expenses**

	<b>2020</b>	<b>2019</b>
	<b><u>EGP</u></b>	<b><u>EGP</u></b>
Salaries, wages and bonuses (9-1)	204 643 194	180 347 856
Board of Directors' remunerations and allowances	8 410 864	12 328 421
Training, medical care, meals & uniforms	19 671 687	21 520 980
Employees Stock Option Plan (9-2)	14 961 380	19 519 786
Specific employees benefits	2 278 830	4 764 068
Maintenance, cleaning, agriculture, and security	92 173 147	76 824 225
Professional and consultancy fees	25 980 757	51 467 112
Advertising, exhibitions and conferences	721 895	1 353 536
Donations	5 253 170	5 020 566
Gifts and tips	12 105 917	4 160 088
Depreciation & amortization	32 320 437	29 147 481
Reception and hospitality	1 629 379	2 326 448
Stationery and computer supplies	12 300 582	11 425 836
Communication, electricity, telephone and water	16 542 052	19 686 873
Subscriptions and governmental dues	5 554 104	4 984 133
Rent (9-3)	6 451 073	3 562 874
Travel and transportation	3 194 270	5 632 568
Bank charges	9 736 073	9 181 544
Employees vacations	3 118 469	3 357 967
Insurance installments	1 382 962	1 111 011
Contribution to Takaful system for health insurance	13 064 783	15 568 837
Real estate property tax expense	-	1 874 475
Others	8 816 841	8 340 512
	<b><u>500 311 866</u></b>	<b><u>493 507 197</u></b>

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(9-1) this item includes salaries of the executive members of Board of Directors as follows:

	<b>2020</b>	<b>2019</b>
	<b><u>EGP</u></b>	<b><u>EGP</u></b>
Salaries	14 598 120	15 425 704
	<b><u>14 598 120</u></b>	<b><u>15 425 704</u></b>

(9-2) Represents the fair value of the option granted at the grant date for beneficiaries of Employees Stock Option Plan granted to the executive board members and the directors as shown in note (49).

(9-3) Rent expense for year 2019 includes operating lease contract which are subject to EAS 49, The Group has adopted the standard using the modified retrospective approach. This means that the cumulative impact of the adoption will be recognized in retained earnings as of January 1, 2020 and that comparatives will not be restated.

**11. Other operating expenses**

	<b>2020</b>	<b>2019</b>
	<b><u>EGP</u></b>	<b><u>EGP</u></b>
Claims provisions	3 091 386	252 182
Capital losses	-	55 727
Share in associates and joint ventures	931 622	1 690 535
	<b><u>4 023 008</u></b>	<b><u>1 998 444</u></b>

**12. Charges / (Reversal) of expected credit losses**

	<b>2020</b>	<b>2019</b>
	<b><u>EGP</u></b>	<b><u>EGP</u></b>
Expected credit losses on loans to joints ventures	904 668	4 257 485
Expected credit losses on receivables and notes receivables	2 038 246	-
Expected credit losses on cash at banks	15 641	-
Expected (Reversal of) credit losses on debtors & other debit balances	(17 425 578)	2 377 235
	<b><u>(14 467 023)</u></b>	<b><u>6 634 720</u></b>

**13. Finance income**

	<b>2020</b>	<b>2019</b>
	<b><u>EGP</u></b>	<b><u>EGP</u></b>
Interest income	69 250 170	160 054 573
Return on investment at amortized cost	151 573 510	283 936 716
	<b><u>220 823 680</u></b>	<b><u>443 991 289</u></b>

**14. Finance cost**

	<b>2020</b>	<b>2019</b>
	<b><u>EGP</u></b>	<b><u>EGP</u></b>
Interest expense	136 441 197	185 493 985
Foreign exchange losses from balances denominated in foreign currencies	5 855 509	30 824 118
Interest on operating lease contracts	5 409 812	-
	<b><u>147 706 518</u></b>	<b><u>216 318 103</u></b>

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**15. Income tax**

**A- Items recognized in the profit or loss**

	<b>2020</b>	<b>2019</b>
	<b><u>EGP</u></b>	<b><u>EGP</u></b>
Current income tax	300 502 723	250 363 737
Tax on Dividends	106 650	307 017
Deferred income tax (benefit)	(35 934 325)	(41 830 814)
	<b><u>264 675 048</u></b>	<b><u>208 839 940</u></b>

**B- Deferred tax assets and liabilities movement**

**December 31, 2020**

	<b>Balance as at 1/1/2020</b>	<b>Charged to profit or loss</b>	<b>Deferred tax resulted in asset</b>	<b>Deferred tax resulted in (liability)</b>	<b>Net deferred tax resulted in (Liability) / Asset</b>
	<b><u>EGP</u></b>	<b><u>EGP</u></b>	<b><u>EGP</u></b>	<b><u>EGP</u></b>	<b><u>EGP</u></b>
Property, plant and equipment	(3 027 994)	(2 480 516)	-	(5 508 510)	(5 508 510)
Foreign exchange translation	(8 403 760)	1 287 228	-	(7 116 532)	(7 116 532)
Provisions	39 768 444	32 715 015	72 483 459	-	72 483 459
Carried forward tax losses	-	4 412 598	4 412 598	-	4 412 598
Net	<b><u>28 336 690</u></b>	<b><u>35 934 325</u></b>	<b><u>76 896 057</u></b>	<b><u>(12 625 042)</u></b>	<b><u>64 271 015</u></b>

**December 31, 2019**

	<b>Balance as at 1/1/2019</b>	<b>Charged to profit or loss</b>	<b>Deferred tax resulted in asset</b>	<b>Deferred tax resulted in (liability)</b>	<b>Net deferred tax resulted in (Liability) / Asset</b>
	<b><u>EGP</u></b>	<b><u>EGP</u></b>	<b><u>EGP</u></b>	<b><u>EGP</u></b>	<b><u>EGP</u></b>
Property, plant and equipment	(2 988 725)	(39 269)	-	(3 027 994)	(3 027 994)
Foreign exchange translation	(10 596 160)	2 192 400	-	(8 403 760)	(8 403 760)
Provisions	90 761	39 677 683	39 768 444	-	39 768 444
Net	<b><u>(13 494 124)</u></b>	<b><u>41 830 814</u></b>	<b><u>39 768 444</u></b>	<b><u>(11 431 754)</u></b>	<b><u>28 336 690</u></b>

C- Liability for temporary differences related to investments in subsidiaries, associates and joint ventures were not recognized because the group controls the timing of the reversal of the related temporary differences and is satisfied that they will not reverse in the foreseeable future.

**D- Reconciliation of effective income tax rate**

	<b>2020</b>	<b>2019</b>
	<b><u>EGP</u></b>	<b><u>EGP</u></b>
Profit before income taxes	1 090 634 304	930 084 695
	22.50%	22.50%
Income tax using the domestic corporation tax rate	<b><u>245 392 718</u></b>	<b><u>209 269 057</u></b>
Effects of loss brackets	13 191 064	7 748 843
Non- deductible expenses / income	39 120 716	40 208 241
Provisions	(32 715 015)	(39 677 683)
Foreign exchange	(1 287 228)	(2 192 400)
Depreciation of assets	(3 789 338)	(7 098 418)
Special tax pool (treasury bills)	2 480 516	39 269
Tax adjustment related to prior years	2 281 615	543 031
Tax as per consolidated income statement	<b><u>264 675 048</u></b>	<b><u>208 839 940</u></b>
Effective tax rate	<b><u>24.27%</u></b>	<b><u>22.45%</u></b>

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**E- Unrecognized deferred tax assets**

	<b>31/12/2020</b>	<b>31/12/2019</b>
	<b><u>EGP</u></b>	<b><u>EGP</u></b>
Temporary deductible differences	133 089 430	161 202 142
Tax losses carried forward	17 785 082	47 836 625
	<b><u>150 874 512</u></b>	<b><u>209 038 767</u></b>

Deferred tax assets have not been recognized in respect of the above-mentioned items because of uncertainty associated with the taxable profit to cover these tax assets.

**16. Earnings per share**

**A- Consolidated Earnings per share**

Earnings per share as at December 31, 2020, is calculated based on the group's share in earnings for the year using the weighted average number of outstanding shares during the year as follows:

	<b>2020</b>	<b>2019</b>
	<b><u>EGP</u></b>	<b><u>EGP</u></b>
Net profit for the year (parent company share)	819 650 973	719 405 021
Employees share of profit	-	-
Board of directors' remunerations	-	-
Employees and board of directors share in subsidiaries and associates companies	-	-
	<b><u>819 650 973</u></b>	<b><u>719 405 021</u></b>
Weighted average number of shares outstanding during the year (*)	356 197 368	356 197 368
<b>Earnings per share (EGP / share)</b>	<b><u>2.30</u></b>	<b><u>2.02</u></b>

**B- Separate Earnings per share**

Earnings per share as at December 31, 2020, is calculated based on the Parent Company's share in earnings for the year according to the separate financial statements using the weighted average number of outstanding shares during the year as follows:

	<b>2020</b>	<b>2019</b>
	<b><u>EGP</u></b>	<b><u>EGP</u></b>
Net profit or the year (according to the separate financial statements)	23 082 696	195 131 603
Employees share of profit	-	-
Board of directors' remunerations	-	-
	<b><u>23 082 696</u></b>	<b><u>195 131 603</u></b>
Weighted average number of shares outstanding during the year (*)	356 197 368	349 178 872
<b>Earnings / per share (EGP / share)</b>	<b><u>0.06</u></b>	<b><u>0.55</u></b>

(\*) The average number of shares outstanding was calculated taking into account the increase in the issued share capital by LE 28 073 948 distributed over the number of 7 018 496 shares to the beneficiaries of the employees stock option plan, which were registered in the Company's Commercial Register on 23 December 2020.

**Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)**  
**Notes to the consolidated interim financial statements for the financial year ended December 31, 2020**

**17. Inventory**

	<b>31/12/2020</b>	<b>31/12/2019</b>
	<b><u>EGP</u></b>	<b><u>EGP</u></b>
Maintenance, operation and communication supplies	7 876 394	7 026 360
	<b><u>7 876 394</u></b>	<b><u>7 026 360</u></b>

**18. Completed units ready for sale**

	<b>31/12/2020</b>	<b>31/12/2019</b>
	<b><u>EGP</u></b>	<b><u>EGP</u></b>
Cost of completed commercial & Administrative units	62 777 937	16 400 840
Cost of completed residential units	6 865 026	648 267
	<b><u>69 642 963</u></b>	<b><u>17 049 107</u></b>

**19. Work in process**

This item represents the total costs related to works currently being undertaken. Details of these works are as follows:

	<b>31/12/2020</b>	<b>31/12/2019</b>
	<b><u>EGP</u></b>	<b><u>EGP</u></b>
West Cairo projects costs (19-1)	8 641 911 634	8 759 750 795
East Cairo projects costs	5 491 001 322	4 571 242 197
North Cost projects costs (19-2)	242 170 738	314 425 631
	<b><u>14 375 083 694</u></b>	<b><u>13 645 418 623</u></b>

- Includes an amount of EGP 935 589 312 representing the value of capitalized interest on installments collected from customers.
- An amount of EGP 2.048 Billion Has been reclassified during the year to Investment properties under development as the group management has decided to lease out those real-estate units upon completion instead of selling these units (Note 27).

**(19-1) West Cairo projects costs**

- A- Al Yosr for Projects and Agricultural Development ("Al Yosr"), SODIC's fully owned subsidiary. Al Yosr has received a letter from the New Urban Communities Authority ("NUCA") with respect to the 300-acre plot (circa 1.26 million square meters) of land owned by Al Yosr and located in the Sheikh Zayed City extension area as determined by the presidential decree number 77. The letter informs Al Yosr of NUCA's Board of Directors decision regarding the payment required to be made by land owners in order for NUCA to deliver infrastructure to the plot and change the land usage from agricultural to residential, increasing the allowable built up area within the limits of Republican Resolutions (77-230 of 2017). In consideration for the above Al Yosr will make an in-kind payment of 50% of the land.

On July 11, 2019, an agreement was concluded between Al Yosr and the New Urban Communities Authority (NUCA) to relinquish 50% of the above mentioned plot in return for delivering infrastructure to the plot and change the land usage from agricultural to residential, the project Master plan was submitted to the New Urban Communities Authority and was approved. The first phase of the project was launched on 29 September 2019 under the name of The Estates.

Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)  
Notes to the consolidated interim financial statements for the financial year ended December 31, 2020

**B- Company's Land settlement in El Sheikh Zayed**

The balance includes approximately EGP 285 million representing the present value at inception of the share of the work under construction from the settlement amount of the Company's land in Sheikh Zayed as a component of the cost of the units whose revenues will be recognized in the statement of income or losses for future years, this amount represents the remainder of the present value of a total settlement amount of EGP 800 million with the Illicit Gains Authority ("IGA").

- C- The balance includes an amount of EGP 5 986 469 854 representing the net present value of the project's minimum land payments for the 500 acres in Sheikh Zayed extension in addition to the capitalized interests in accordance with the co-development agreement between the Company and the Urban Communities Authority with a minimum guarantee to the Authority of EGP 14.22 billion as shown in details in note (36).

**(19-2) North Cost projects costs**

The balance includes EGP 52.6 million paid to Owners Union – Shahin, representing the variable cost of Malaaz project land , as on March 8, 2018, the Company signed two co-development contracts for a residential and tourism project for two land plots of approximately 308 acres on the North Coast with the owners as follows:

- Contract signed with Owners Union – Shahin for the land plot of approximately 111 acres (the first plot).
- Contract signed with the Alammar Company for Urban Expansion for the land plot of approximately 197 acres (the second plot).

Accordingly, SODIC at its own expense and under its responsibility will implement, finance, market and sell the units of the two projects and all its inclusions and components, in addition to providing management and maintenance either directly or through third parties, and delivering on all other obligations as stipulated in the co-development contract and will accordingly share the revenue according to the defined percentages in the contract for each component of the project.

According to the first plot's contract the Company paid an amount of EGP 30 Million which represents down payment which will be settled during a three-year period in equal installments against Owners Union – Shahin share in the project revenues in accordance to the co-development contract.

On July 4, 2018, according to the co-development contract Sixth of October for Development and Investment Company "SODIC" notified the Owners Union – Shahin that Tabrouk Development Company, a 99% owned subsidiary of SODIC, will replace it in the above mentioned co-development contract dated March 8, 2018, and all rights and obligations will be transferred to Tabrouk Development Company from July 4, 2018.

The Group also paid EGP 25.9 million on behalf of Owners Union – Shahin to settle land installment for year 2018, and collected from Owners Union – Shahin EGP 3.3 million, thus the net amount paid up until December 31, 2020 amounted to EGP 52.6 million.

The legal procedures for transferring the subordination of the project to the New Urban Communities Authority are being in accordance with The Presidential Decree No. 361 of year 2020.

*Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)  
Notes to the consolidated interim financial statements for the financial year ended December 31, 2020*

**20. Trade and notes receivable**

**20-1 Trade and notes receivable current**

	<b>31/12/2020</b>	<b>31/12/2019</b>
	<b>EGP</b>	<b>EGP</b>
Trade receivable	163 874 928	150 111 423
Notes receivable – units *	1 097 831 315	929 713 213
Trade receivable - others	13 831 523	-
	<u>1 275 537 766</u>	<u>1 079 824 636</u>
<b>Deduct:</b>		
Unamortized interest – notes receivable	55 037 010	58 413 442
	<u>1 220 500 756</u>	<u>1 021 411 194</u>
<b>Deduct:</b>		
Expected credit losses on trade and notes receivable	2 330 649	292 403
	<u>1 218 170 107</u>	<u>1 021 118 791</u>

- \* The balance of notes receivable - units, represents the value of notes receivables received from real estate delivered units customers that are due within 12 months from the date of the financial position.

**20-2 Trade and notes receivable non -current**

This item represents the present value of long-term trade and notes receivable and debtors' balances as follows: -

	<b>31/12/2020</b>	<b>31/12/2019</b>
	<b>EGP</b>	<b>EGP</b>
Receivables	7 381 016	-
Notes receivable – units' installments *	958 428 519	813 946 074
	<u>965 809 535</u>	<u>813 946 074</u>
<b>Deduct:</b>		
Unamortized interest	171 367 583	198 763 169
	<u>794 441 952</u>	<u>615 182 905</u>

- \* The balance of notes receivable - units, represents the value of notes receivables received from real estate delivered units customers that are due after 12 months from the date of the financial position.
- Notes receivables not included in the financial statements amounting to EGP 13.78 billion have been disclosed in note No. (47)

The Group's exposure to credit, and currency risks related to trade and notes receivable is disclosed in note No. (43).

**Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)**  
**Notes to the consolidated interim financial statements for the financial year ended December 31, 2020**

**21. Debtors and other debit balances**

	<b>31/12/2020</b>	<b>31/12/2019</b>
	<b>EGP</b>	<b>EGP</b>
Contractors and suppliers – advance payments	773 630 738	1 180 300 689
Due from related parties – Joint Venture	35 191 620	35 191 620
Accrued Revenues	80 517 996	81 807 684
Due from related parties	3 651 669	3 651 669
Prepaid expenses and sales commissions	549 700 686	465 054 188
Deposits with others	16 638 899	10 144 863
Tax Authority	68 216 743	76 330 984
Due from the bonus and incentives plan to employees and managers fund	4 235 615	1 921 094
Heliopolis Development and Housing Company (21-1)	228 532 600	165 064 796
Bank accounts – Joint arrangements (21-2)	29 460 643	22 177 303
Bank current accounts & deposits - Maintenance (21-3)	1 271 821 718	1 067 720 406
Debtors from projects maintenance	25 332 873	21 014 912
Other debit balances	13 527 150	15 670 996
	<b>3 100 458 950</b>	<b>3 146 051 204</b>
<b><u>Deduct: -</u></b>		
Expected credit losses on debtors and other debit balances	105 038 074	122 679 951
	<b>2 995 420 876</b>	<b>3 023 371 253</b>

(21-1) This item represents the amount paid as a down payment to Heliopolis Housing and Development Company, this amount will be settled with Heliopolis Housing and Development Company's revenue share in the co-development contract pertaining to New Heliopolis City. Accordingly, the Company will act as a real estate developer for the land plot owned by Heliopolis Housing and Development Company with an area of 655 acres in New Heliopolis City. Heliopolis Housing and Development Company will earn a share of the revenue, with minimum guarantee amounting to EGP 5.01 Billion. The two parties have agreed that the Company at its own expense and under its responsibility will implement, finance, market and sell the units of the project and all its inclusions and components, in addition to providing management and maintenance either directly or through third parties, and delivering on all other obligations as stipulated in the co-development contract and will accordingly share the revenue (according to the defined percentages in the contract for each component of the project).

The board of directors, in its session held on August 11, 2020, has agreed to amend the terms and conditions of the co-development contract with Heliopolis Housing and Development Company, including the amendment of the minimum guarantee according to the co-development contract by increasing the minimum guarantee, rescheduling the annual payments taking into consideration reducing the scheduled payments required of the company during the next five years while maintaining the same present value and the overall time period of the reimbursements, the board decided to delegate the managing director to negotiate and sign on behalf of company all the documents and contracts necessary in this regard

(21-2) This balance represents the company's share of the collected amounts from customers in the joint accounts held by the banks for SODIC East project. These balances are restricted unless agreed upon by both the developer and the owner in accordance with the contract terms of the joint bank accounts between the company as a developer, the bank, and the owner

(21-3) the balance represents maintenance deposits collected from customers, which have been invested in time deposits and interest-bearing current accounts for the purpose of financing the regular maintenance expenses related to the delivered units, and cannot be used for any other purpose. The Group's exposure to credit and currency risks related to debtors and other debit balances is disclosed in note No. (43).

Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)  
Notes to the consolidated interim financial statements for the financial year ended December 31, 2020

**22. Loans to joint ventures**

	<b>31/12/2020</b>	<b>31/12/2019</b>
	<b>EGP</b>	<b>EGP</b>
This item represents the loan granted to the Joint Venture project in the Syrian Arab Republic by the Group on August 16, 2010 for a total amount of USD 19.5 Million. The loan carries an interest rate of 8.5% per annum. The principal together with interest were scheduled for payment before December 31, 2011. The loan was renewed with an interest rate of 12.5% per annum.	135 485 960	135 485 960
This item represents the utilized amount of the bridge loan granted to the Joint Venture project in the Syrian Arab Republic on October 28, 2010 for a total amount of USD 8 445 674. The loan carries an interest rate of 8.5% per annum.	65 037 051	64 132 383
	<u>200 523 011</u>	<u>199 618 343</u>
<b>Deduct: -</b>		
Expected credit loss on loans to joint ventures	200 523 011	199 618 343
	<u>-</u>	<u>-</u>

**23. Financial Investments at amortized cost**

	<b>31/12/2020</b>	<b>31/12/2019</b>
	<b>EGP</b>	<b>EGP</b>
Treasury bills at par value	692 125 000	1 453 225 000
Unearned return on treasury bills	(17 338 018)	(75 531 951)
	<u>674 786 982</u>	<u>1 377 693 049</u>

The Group's exposure to market & interest risk related to the trading investments is disclosed in note No. (43).

**Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)**  
**Notes to the consolidated interim financial statements for the financial year ended December 31, 2020**

**24. Cash and cash equivalents**

	<b>31/12/2020</b>	<b>31/12/2019</b>
	<b>EGP</b>	<b>EGP</b>
Bank - time deposits *	676 735 760	1 088 648 285
Bank - current accounts	848 430 721	384 136 227
Checks under collection	6 211 241	10 686 007
Cash on hand	4 506 591	4 637 940
	<b>1 535 884 313</b>	<b>1 488 108 459</b>
Expected credit loss	(186 259)	-
	<b>1 535 698 054</b>	<b>1 488 108 459</b>

For the purpose of preparing the consolidated statement of cash flows, cash and cash equivalents items are represented as follows:

	<b>31/12/2020</b>	<b>31/12/2019</b>
	<b>EGP</b>	<b>EGP</b>
Cash and cash equivalents before ECL	<b>1 535 884 313</b>	<b>1 488 108 459</b>
<b><u>Less:</u></b>		
Restricted Deposits *	8 278 488	8 038 879
Deposits matures after three months	-	5 000 000
<b>Cash and cash equivalents in the consolidated statement of cash flows</b>	<b>1 527 605 825</b>	<b>1 475 069 580</b>

\* Deposits include an amount of EGP 8.28 Million restricted as a guarantee for the credit facility granted to the Parent Company and one of its subsidiaries from commercial banks.

The Group's exposure to interest rate risk and currency risk for cash on hands and at banks which is disclosed in note No. (43).

Sixth of October for Development and Investment Company "SODIC"

Notes to the consolidated financial statements for the financial year ended December 31, 2020

25 - Property, plant, equipment

	Golf Course	Lands	Buildings and Constructions	Vehicles	Furniture and fixtures	Beach Furniture and fixtures	Office equipment and communications	Computer software	Generators, machinery and equipment	Solar power stations	Leasehold improvements	Total
Cost	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP
Cost at January 1, 2019	93 628 961	57 755 151	188 646 706	27 272 952	37 306 643	1 023 491	32 982 520	13 399 675	30 429 296	396 014	54 100 278	536 941 687
Additions during the year	-	-	5 999 847	8 650 262	3 554 657	1 250 337	9 675 992	2 918 062	5 617 555	-	10 547 727	48 214 439
Reclassification	-	-	-	-	(5 469 162)	-	(1 039 264)	1 083 433	(1 397 292)	-	6 822 285	-
Disposals during the year	-	-	-	(13 684)	(2 640)	-	(129 997)	-	(120 000)	-	-	(266 321)
Cost at December 31, 2019	93 628 961	57 755 151	194 646 553	35 909 530	35 389 498	2 273 828	41 489 251	17 401 170	34 529 559	396 014	71 470 290	584 889 805
Cost at January 1, 2020	93 628 961	57 755 151	194 646 553	35 909 530	35 389 498	2 273 828	41 489 251	17 401 170	34 529 559	396 014	71 470 290	584 889 805
Additions during the year	-	-	244 460 534	12 570 742	36 528 090	1 405 041	6 184 066	2 887 032	25 169 798	10 822 796	5 023 908	345 052 007
Disposals during the year	-	(8 495 157)	-	(16 318)	(841 576)	(191 947)	(344 498)	-	(226 146)	-	(409 923)	(10 525 565)
Cost at December 31, 2020	93 628 961	49 259 994	439 107 087	48 463 954	71 076 012	3 486 922	47 328 819	20 288 202	59 473 211	11 218 810	76 084 275	919 416 247
<b>Accumulated depreciation and impairment losses</b>												
Accumulated depreciation and impairment losses at January 1, 2019	93 628 961	-	36 051 903	17 655 239	22 958 856	705 576	19 887 079	10 125 816	23 377 528	15 712	26 483 395	249 890 065
Depreciation during the year	1 822 589	-	9 888 584	3 752 317	3 108 257	263 499	5 928 822	2 376 888	3 741 791	15 841	11 950 752	42 849 340
Accumulated depreciation of disposals during the year	-	-	-	(4 181)	(2 640)	-	(123 656)	-	(12 000)	-	-	(142 477)
Reversal of impairment losses during the year	(1 822 589)	-	-	-	-	-	-	-	-	-	-	(1 822 589)
Reclassification	-	-	-	(26)	(2 147 877)	-	(467 894)	468 091	(825 386)	-	2 973 092	-
Accumulated depreciation and impairment losses at December 31, 2019	93 628 961	-	45 940 487	21 403 349	23 916 596	969 075	24 224 351	12 970 795	26 281 933	31 553	41 407 239	290 774 339
Accumulated depreciation and impairment losses at January 1, 2020	93 628 961	-	45 940 487	21 403 349	23 916 596	969 075	24 224 351	12 970 795	26 281 933	31 553	41 407 239	290 774 339
Depreciation during the year	1 822 589	-	10 280 992	5 264 081	3 121 715	851 854	7 320 595	3 369 169	4 507 963	377 921	13 705 938	50 622 817
Accumulated depreciation of disposals during the year	-	-	-	(16 318)	(528 711)	(191 947)	(208 274)	-	(225 521)	-	(397 737)	(1 568 508)
Reversal of impairment losses during the year	(1 822 589)	-	-	-	-	-	-	-	-	-	-	(1 822 589)
Accumulated depreciation and impairment losses at December 31, 2020	93 628 961	-	56 221 479	26 651 112	26 509 600	1 628 982	31 336 672	16 339 964	30 564 375	409 474	54 715 440	338 006 059
<b>Carrying amount</b>												
Carrying amount At January 1, 2019	-	57 755 151	152 594 803	9 617 713	14 347 787	317 915	14 095 441	3 273 859	7 051 768	380 302	27 616 833	287 051 622
Carrying amount At December 31, 2019	-	57 755 151	148 706 066	14 506 181	11 472 902	1 304 753	17 264 900	4 430 375	8 247 626	364 461	30 063 051	294 115 466
Carrying amount At December 31, 2020	-	49 259 994	382 885 608	21 812 842	44 566 412	1 857 940	15 992 147	3 948 238	28 908 836	10 809 336	21 368 835	581 410 188

Fixed assets included fully depreciated assets amounted to EGP 95 560 626 at December 31, 2020.

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Notes to the consolidated interim financial statements for the financial year ended December 31, 2020

**26. Projects under construction**

This item is represented as follows:

	31/12/2020	31/12/2019
	EGP	EGP
Advance payments -fixtures and purchasing of fixed assets	4 774 924	550 128
Administrative buildings and caravans under construction	9 502 504	10 232 881
Hotels buildings under constructions	120 497 191	104 398 714
	<u>134 774 619</u>	<u>115 181 723</u>

**27. Investment properties under development**

This item represents the value of real estate investments under development that have been re-presented from the accounts of projects in progress and work in progress, as the group management has decided to lease those real estate units upon completion instead of selling them as follows:

	31/12/2020	31/12/2019
	EGP	EGP
<b>Leasable real estates under development in: -</b>		
Projects in West Cairo	1 068 418 677	-
Projects in East Cairo	1 034 807 590	-
	<u>2 103 226 267</u>	<u>-</u>

**28. Investments in associates and joint ventures**

The Group has the following investments in associates and joint ventures:

	Legal Form	Ownership Percentage	Carrying amount	
		31/12/2020	31/12/2019	
		%	%	
		<u>EGP</u>	<u>EGP</u>	
Royal Gardens for Investment Property Co.	SAE	20	20	377 843
Palmyra SODIC Real Estate Development (A)	Syrian Ltd.	50	50	-
				<u>377 843</u>
				<u>1 309 465</u>

Summary of financial information of associates and joint ventures: -

	Assets EGP	Liabilities EGP	Equity EGP	Foreign translation EGP	Revenues EGP	Expenses EGP
	<u>In thousands</u>	<u>In thousands</u>	<u>In thousands</u>	<u>In thousands</u>	<u>In thousands</u>	<u>In thousands</u>
<b><u>December 31, 2019</u></b>						
Royal Gardens for Real Estate Investments Co.	153 061	(151 172)	(1 889)	-	(7 584)	12 217
<b><u>December 31, 2018</u></b>						
Royal Gardens for Real Estate Investments Co.	179 071	(172 524)	(6 547)	-	(21 593)	25 661
<b><u>December 31, 2019</u></b>						
Palmyra SODIC Real Estate Development (A)	130 216	(1 113 822)	923 666	55 683	-	4 257
<b><u>December 31, 2018</u></b>						
Palmyra SODIC Real Estate Development (A)	144 230	(1 175 670)	1 031 440	-	-	67 012

**Sixth of October for Development and Investment Company "SODIC" - (An Egyptian Joint Stock Company)**  
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- (A) On June 15, 2010, SODIC Syria was established - a limited liability company – to acquire a 50% stake in Palmyra - SODIC Real Estate Development Co., Ltd. - a limited liability company - registered and operating in the Syrian Arab Republic. The direct investment cost amounts to EGP 243 Million. Due to the current political circumstances in the Syrian Arab Republic and the confiscation of assets and documents related to Palmyra - SODIC Real Estate Development Co by the state government, the management of SODIC addressed the Embassy of the Syrian Arab Republic in Egypt and commissioned a law firm to handle the issue and protect the interest of SODIC's shareholders. This situation coupled with the unstable political environment witnessed in Syria led SODIC's Board of Directors to take the view that the invested amounts in Syria are non-recoverable. As such, SODIC recognized a loss arising from the inability to recover its investments. The recognized impairment loss of the investment and the foreign accumulated translation differences amounted to EGP 481 051 416 as at December 31, 2013.

**29. Investment properties**

Investment properties includes commercial, administrative and residential units leased out to others. The movement of the investment properties and its depreciation is as follows: -

<b><u>Description</u></b>	<b><u>Leased out</u></b> <b><u>EGP</u></b>
<b><u>Cost</u></b>	
<b>At January 1, 2019</b>	<b>133 809 788</b>
Additions during the year	4 974 170
Adjustments	(181 279)
<b>At December 31, 2019</b>	<b>138 602 679</b>
At January 1, 2020	138 602 679
Additions during the Year	27 811 322
<b>At December 31, 2020</b>	<b>166 414 001</b>
<b><u>Less</u></b>	
<b><u>Accumulated depreciation</u></b>	
<b>At January 1, 2019</b>	<b>13 496 393</b>
Depreciation for the year	7 387 756
<b>At December 31, 2019</b>	<b>20 884 149</b>
At January 1, 2020	20 884 149
Depreciation for the year	7 601 486
<b>At December 31, 2020</b>	<b>28 485 635</b>
<b>Net carrying amount as at January 1, 2019</b>	<b>120 313 395</b>
<b>Net carrying amount as at December 31, 2019</b>	<b>117 718 530</b>
<b>Net carrying amount as at December 31, 2020</b>	<b>137 928 366</b>

- The fair value of investment properties leased out to others amounted to EGP 855 million as at December 31, 2020

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**30. Right of use assets and liabilities**

During the year the company early adopted the Egyptian Accounting Standard No. 49 "Lease contracts", accordingly the Company recognized right of use assets and liabilities of the lease contracts.

**30-1 Right of use – assets**

This item represents the right of use resulting from lease contracts of sales offices, employees housing, software and photocopier as follows:

<u>Cost</u>	<b>EGP</b>
At January 1, 2020	81 921 986
Additions during the year	5 806 000
At December 31, 2020	<u>87 727 986</u>
<u>Less</u>	
<u>Accumulated amortization</u>	
At January 1, 2020	(18 093 273)
Amortization for the year	(15 138 080)
At December 31, 2020	<u>(33 231 353)</u>
Net carrying amount as at January 1, 2020	<u>63 828 713</u>
Net carrying amount as at December 31, 2020	<u>54 496 633</u>

**30-2 Lease contract liabilities**

Present value of the total liabilities resulted from lease contracts are as follows:

	<b>31/12/2020</b>	<b>31/12/2019</b>
	<b>EGP</b>	<b>EGP</b>
Lease contract liabilities	73 851 164	-
Unamortized interests	(12 689 947)	-
Net present value of lease contract liabilities	<u>61 161 217</u>	<u>-</u>
Less		
Short-term lease liabilities	<u>14 251 473</u>	<u>-</u>
Long-term lease liabilities	<u>46 909 744</u>	<u>-</u>

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**31. Share capital and reserves**

**31-1 Share capital**

- The authorized capital of the Company is EGP 2.8 Billion and the Company's issued and paid in capital is EGP 1 355 638 292 distributed over 338 909 573 shares with a par value of EGP 4 per share, the commercial register was notified on December 7, 2014.
- The Board of Directors have decided in the meeting dated November 30, 2016 to increase the issued capital from EGP 1 355 638 292 to become EGP 1 369 194 672 by an amount of EGP 13 556 380 divided on 3 389 095 shares of par value EGP 4 per share, this capital increase should be financed from the special reserve- Additional paid in capital, and to be fully utilized by the Employees Stock Option Plan granted to the executive board members and the directors as per the option plan approved by the extra ordinary general assembly dated January 20, 2016, which have decided to apply the Employees Stock Option Plan for the executive board members and directors through assigning shares with certain conditions. The commercial register was modified on February 5, 2017.
- The board of directors have decided on the meeting dated October 23, 2018 to increase the issued capital from EGP 1 369 194 672 to become EGP 1 396 715 488 by an amount of EGP 27 520 816 divided on 6 880 204 shares of par value EGP 4 per share, this capital increase should be financed from the special reserve- Additional paid in capital, and to be fully utilized for the second and third sections from the sections of Employees Stock Option Plan granted to the executive board members and the directors as per the option plan approved by the extra ordinary general assembly dated January 20, 2016, which have decided to apply the Employees Stock Option Plan for the executive board members and directors through assigning shares with certain conditions, and delegate the board of directors to execute the procedures of the required increase to issue new shares to be utilize in the Employees Stock Option Plan, The commercial register was modified on January 8, 2019.
- The board of directors have decided on the meeting dated September 7, 2020 to increase the issued capital from EGP 1 396 715 488 to become EGP 1 424 789 472 by an amount of EGP 28 073 984 divided on 7 018 496 shares of par value EGP 4 per share, this capital increase should be financed from the special reserve- Additional paid in capital, and to be fully utilized for the fourth and fifth sections from the sections of Employees Stock Option Plan granted to the executive board members and the directors as per the option plan approved by the extra ordinary general assembly dated January 20, 2016, which have decided to apply the Employees Stock Option Plan for the executive board members and directors through assigning shares with certain conditions, and delegate the board of directors to execute the procedures of the required increase to issue new shares to be utilize in the Employees Stock Option Plan, an invitation was made to held a general assembly meeting on November 1, 2020 to consider amending article 6 and 7 of the company statutes, The commercial register was modified on December 23, 2020.

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- The current capital structure for the holding company:

<b>Shareholder</b>	<b>Number of shares</b>	<b>Share value  EGP</b>	<b>Ownership percentage %</b>
Act Financial for Consulting SAE (and related parties)	51 203 289	204 813 156	14.37
Olayan Saudi Investment Company.	48 331 696	193 326 784	13.57
Walid Suleiman Abdelmohsen Abanumay (and related parties)	35 096 108	140 384 432	9.85
RA Six Holdings Limited	31 992 544	127 970 176	8.98
Rimco EGT Investment LLC	25 484 739	101 938 956	7.15
EKUIITY Holding for Investments	17 645 257	70 581 028	4.95
Other shareholders	146 443 735	585 774 940	41.13
	<b>356 197 368</b>	<b>1 424 789 472</b>	<b>100</b>

**31-2 Legal Reserve**

The balance as at December 31, 2020 is represented as follows: -

Legal reserve of 5% of the Company's net profits till year 2017	<b>EGP</b> 41 447 167
<b>Add:</b> Increase of the legal reserve with the difference between the par value of the treasury shares and its actual cost (according to the Company's Extra-Ordinary General Assembly Meeting held on July 10, 2003).	4 627 374
Increase of the legal reserve with part of capital increase share premium with limits of half of the Company's issued share capital during 2006.	123 409 151
Increase of the legal reserve with part of capital increase share premium during year 2007 with limits of half of the Company's issued share capital.	5 000 000
Increase of the legal reserve with part of the capital increase share premium with limits of half of the Company's issued share capital during 2010.	39 446 365
Increase in legal reserve by 5% of 2019 net profit.	9 756 580
<b>Deduct:</b> The amount used to increase the issued share capital during 2011.	2
	<b>223 686 635</b>

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**31-3 Special reserve – share premium**

The balance as at December 31, 2020 is represented in the following:

<b>Description</b>	<b>EGP</b>
Total value of the capital increase share premiums collected for the years 2006 and 2010	1 455 017 340
<b>Add:</b>	
Share premium of the employees' incentive and bonus plan issued during 2007.	90 000 000
The value of selling 712 500 share which has been sold through beneficiaries of incentive and bonus plan during 2014 at EGP 30 per share (after split).	21 375 000
The value of 537 500 shares converted to treasury shares during 2015 at par value, these shares were previously set aside for the benefit of the incentive and bonus plan during the capital increase in 2008 and were converted as a result of the termination of the program.	2 150 000
The value received from the selling of offering rights for 737 500 shares during 2014, which were transferred from shares held for "incentive and bonus plan" as a result of the termination of the program.	16 306 910
The value of accrued dividends for 737 500 shares which were transferred from the shares set aside for the incentive and bonus plan during 2015 as a result of the termination of the program.	1 180 000
The value received from the sale of 3 083 938 shares which had been sold by beneficiaries of the Employees Stock Option Plan during year 2017 at an average of EGP 9.27 per share.	28 588 105
Share premium for issuing 3 083 938 shares which were transferred from the shares set aside for the Employees Stock Option Plan during 2017 as a result of execution	16 630 524
The value received from the sale of 3 273 263 shares which had been sold by beneficiaries of the Employees Stock Option Plan during year 2019 by average EGP 9.27 per share.	30 343 148
The value received from the sale of 3 273 263 shares which had been sold by beneficiaries of the Employees Stock Option Plan during year 2019 by average EGP 9.27 per share.	18 508 880
<b>Deduct</b>	
Amounts transferred to the legal reserve	167 855 516
Capital increase – related expenses	55 240 255
Amount used for share capital increase during 2008	5 000 000
Amount used for share capital increase during 2017	13 556 380
Amount used for share capital increase during 2019	27 520 816
Amount used for share capital increase during 2020	28 073 984
	<b>1 382 852 956</b>

**32. Profit from sale of treasury shares**

- On August 14, 2011, the Board of Directors of the Parent Company approved the purchase of one Million treasury shares at EGP 18 per share (the par value is EGP 4 per share) with a total amount of EGP 18 018 000 from the Parent Company's shares offered on the Egyptian stock exchange. On August 13, 2012 the Parent Company's Board of Directors agreed to sell these shares for a total value of EGP 21 710 867 resulting in a profit from the sale of treasury shares with an amount of EGP 3 692 867.
- On February 1, 2015, the Parent Company's Extraordinary General Assembly agreed on the termination of the current incentive and bonus plan for employees and executive directors of the company by the end of its duration as of March 31, 2015 and converting the remaining shares amounting to 737 500 shares on which its rights have not been exercised yet, into treasury shares in accordance with the related regulations. The conversion of the shares into treasury shares was executed on July 14, 2015, these shares carrying a book value of EGP 10 150 000 have been sold during the financial year ended December 31, 2016 with a selling value amounted to EGP 8 182 589 realizing a loss in the amount of EGP 1 967 411. Accordingly, the profit from sale of treasury shares reserve becomes EGP 1 725 456.

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**33. Non-controlling interest**

Non-controlling interest balance as at December 31, 2020, represents the interest shares in subsidiary's equity as follows:

	<b>Non-controlling interest</b>				
	<b>Percentage</b>	<b>Profit / (loss) for the year</b>	<b>excluding profit / (loss) for the year</b>	<b>Balance as of 31/12/2020</b>	<b>Balance as of 31/12/2019</b>
	<b>%</b>	<b>EGP</b>	<b>EGP</b>	<b>EGP</b>	<b>EGP</b>
Sixth of October for Development and Real Estate Projects Co. "SOREAL"	0.01	49 153	228 123	277 276	228 123
Beverly Hills for Management of Cities and Resorts Co.	53.25	10 889	28 692 774	28 703 663	28 692 774
SODIC Garden City for Development and Investment Co.	50	6 246 852	27 726 908	33 973 760	29 856 705
Al Yosr for Projects and Real Estate Development Co.	0.001	(78)	24 825	24 747	24 825
SODIC for Development and Real Estate Investment Co.	0.001	—	20	20	20
Edara for Services of Cities and Resorts Co.	0.003	1 468	1 683	3 151	1 683
Fourteen for Real Estate Investment Co.	0.004	—	2	2	2
La Maison for Real Estate Investment Co.	0.004	—	2	2	2
		<b>6 308 284</b>	<b>56 674 337</b>	<b>62 982 621</b>	<b>58 804 134</b>

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**34. Long-term loans**

	<b>31/12/2020</b>	<b>31/12/2019</b>
	<b><u>EGP</u></b>	<b><u>EGP</u></b>
On April 4, 2017, Sixth of October for Development and Investment Company "SODIC" signed a medium-term syndicated loan contract with group of banks represented by Arab African International Bank "facility agent" with a total amount of EGP 1 300 Million on two tranches:	1 099 021 749	1 030 339 597
<ul style="list-style-type: none"> <li>- First tranche amount of EGP 243 Million to finance the total debt outstanding due to group of banks represented by Arab African International Bank.</li> <li>- Second tranche amount of EGP 1 057 Million to finance "SODIC West" projects located in Kilo 38 Cairo/Alex desert road -Giza- Egypt.</li> </ul>		
<b><u>Guarantees:</u></b>		
<ul style="list-style-type: none"> <li>- Unconditional and irrevocable revenue transfer by which the lender and some of its subsidiaries transfer all current and future proceeds, selling and lease contracts of the current and foreseeable project units to the interest of the "Guarantee agent".</li> <li>- Accounts mortgage contracts: debt interest and all amounts deposited therein are pledged for the interest of the "guarantee agent" and pledge the project's account.</li> <li>- Promissory note from the Company (the borrower).</li> </ul>		
<b><u>Grace period:</u></b>		
Thirty months from the date of the signature, or December 31, 2019, which is earlier, and this period shall apply to the principal of loan only.		
<b><u>Repayment:</u></b>		
Commenced on December 31, 2019, and repayable in (14) quarterly unequal installments.		
On August 30, 2017, Sixth of October for Development and Investment Company "SODIC" signed a medium-term loan contract with Commercial International Bank "CIB" with a total amount of EGP 270 Million to finance the development cost of October Plaza Project which will be established on area of 31 acres in northern expansions at sixth of October city, and on 16 July 2019 the total amount of the facility has been increased up to maximum EGP 500 Million.	348 000 000	318 000 000
<b><u>Guarantees:</u></b>		
<ul style="list-style-type: none"> <li>- The Company committed to deposit all revenues from the sale of the project.</li> <li>- The Company shall sign a mortgage and a first-degree right of transfer on the project in favor of the bank.</li> <li>- The Company shall get insurance cover 110% the project's constructions in favor of the bank.</li> </ul>		
<b><u>Grace period:</u></b>		
Three years and six months applied on the principal of the loan only from the date of first drawdown.		
<b><u>Repayment:</u></b>		
Commences on March 2021, and repayable in (13) quarterly unequal installments.		
<b>After</b>	<b>1 447 021 749</b>	<b>1 348 339 597</b>

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	<b>31/12/2020</b>	<b>31/12/2019</b>
	<b>EGP</b>	<b>EGP</b>
<b>Before</b>	<b>1 447 021 749</b>	<b>1 348 339 597</b>
On December 26, 2019, a Company's subsidiary signed a medium-term loan contract with Commercial International Bank "CIB" with a total amount of EGP one Billion to finance Technical investment cost of EDNC Project.	234 835 592	40 504 842
<b>Guarantees:</b>		
<ul style="list-style-type: none"> <li>- The Company committed to deposit all revenues from the project.</li> <li>- The Company shall sign a mortgage on leased units including its share in the cost of the project land within 12 months after the project completion</li> <li>- The Company shall get insurance cover 110% the project's constructions in favor of the bank</li> </ul>		
On July 3, 2014, a Company's subsidiary signed a medium term facility agreement with Arab African International Bank (AAIB) for a total amount of EGP 950 Million to finance the repayment of advance payments and installments due to the New Urban Communities Authority against the land of the project through the funding of the Real Estate Development Model.	-	485 000 000
On August 23, 2017, the Company signed the first addendum to the above mentioned loan agreement, increasing the facility amount by EGP 450 Million (Tranche B) can be increased with an amount equal to what has been repaid under the facility of (Tranche A) so the total amount of the medium term facility after the increase will amount to EGP 1.4 Billion. Based on that, the two parties have agreed to amend some of the facility contract terms and conditions.		
<b>Guarantees:</b>		
<ul style="list-style-type: none"> <li>- The company's commitment to assign all revenues arising from the project before or after the date of the facility for the benefit of the project.</li> <li>- Accounts mortgage contracts: debt interest and all amounts deposited therein are pledged for the interest of the bank and pledge the project's account.</li> </ul>		
<b>Availability period:</b>		
For Tranche A commences from the signing date until December 31, 2017.		
For Tranche B commences from the signing date until March 31, 2020.		
<b>Grace period:</b>		
For Tranche A Three months after the end of availability period, this applies to the principle amount of the loan only.		
For Tranche B Three months after the end of availability period valid till 31 March 2020, this applies to the principle amount of the loan only.		
<b>Repayment:</b>		
For Tranche A commences at the end of the grace period, and to be paid on 8 consecutive quarters each 3 months ending, December 31, 2019.		
For Tranche B commences at the end of the grace period, and to be paid on 5 consecutive quarters each 3 months ending, March 31, 2021.		
<b>After</b>	<b>1 681 857 341</b>	<b>1 873 844 439</b>

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	31/12/2020 EGP	31/12/2019 EGP
<b>Before</b>	<b>1 681 857 341</b>	<b>1 873 844 439</b>
On September 20, 2020, a Company's subsidiary signed a medium-term facility agreement with the Arab African International Bank in its capacity as the first lender, principal arranger, bank account, facilitating agent and guarantee agent for the purpose of obtaining a loan of 2.57 billion Egyptian pounds on two tranches , tranche (A) at an amount of 620 million Egyptian pounds To refinance the outstanding debt of the Arab African International Bank, and tranche (B), at an amount of 1.95 billion Egyptian pounds, to finance the cost of completing and developing the project through a financing model for real estate development	574 136 585	-
Guarantees:		
- Mortgaging project accounts in favor of the escrow agent		
- Issuing a power of attorney in favor of the guarantee agent authorizing the guarantee agent to pledge the unsold and recovered project units immediately after the start of the project.		
- Issuing a power of attorney in favor of the guarantee agent authorizing the guarantee agent to sell the unsold and recovered units of the project immediately after starting the implementation of the project and starting customers reservations		
Availability period:		
- Tranche (A) from the date of signing the agreement and ended on (November 30, 2020) or completing the process of refinancing the existing debt to the Arab African International Bank, whichever is sooner		
- Tranche (B) starts from the date of the end of the availability period for Tranche A and ends on December 31, 2022		
Grace period:		
Starting from the date of the first withdrawal and ending on March 31, 2023, this period applies to the principal amount of the loan only		
Repayment:		
Starts immediately after the end of the availability period and is paid over 18 quarterly installments ending in year 2027		
<b>Total</b>	<b>2 255 993 926</b>	<b>1 873 844 439</b>
<b><u>Deduct: current portion</u></b>		
A medium-term loan from CIB	69 600 000	-
A medium-term loan for one subsidiary from Arab African International Bank	-	363 750 000
A medium-term syndicated loan contract with group of banks represented by Arab African International Bank	364 051 176	228 964 355
<b>Total of current portion</b>	<b>433 651 176</b>	<b>592 714 355</b>
<b>Total of non-current portion</b>	<b>1 822 342 750</b>	<b>1 281 130 084</b>

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**35. Creditors and notes payable**

	31/12/2020	31/12/2019
	EGP	EGP
Total par value of the checks issued to New Urban Communities Authority.	-	75 000 000
Creditors	13 429 153	16 676
Unamortized interest	-	(7 471 059)
	<u>13 429 153</u>	<u>67 545 617</u>

The Company's exposure to credit risk related to long-term notes payable are disclosed in Note No. (43)

**36. New Urban Communities Authority**

	31/12/2020	31/12/2019
	EGP	EGP
New Urban Communities Authority	13 846 865 698	13 920 920 553
<b><u>Deduct:</u></b> Unamortized interest	8 234 450 700	9 017 208 975
	<u>5 612 414 998</u>	<u>4 903 711 578</u>
<b><u>Deduct:</u></b> Current portion	262 491 314	97 370 724
	<u>5 349 923 684</u>	<u>4 806 340 854</u>

On March 21, 2019 a co-development agreement was signed between SODIC and the Urban Communities Authority "NUCA" to establish an integrated urban project with an area of 500 acres under deficit or increase. According to the contract ,NUCA share in return of the land includes an advance payment, annual cash installments in addition to a percentage of the project expected revenues with a total minimum value of EGP 14.22 billion, an amount of EGP 300 Million was paid upon signing the contract and the remaining will be paid over 11 years that represents the duration of the contract.

**37. Advances - from customers**

	31/12/2020	31/12/2019
	EGP	EGP
Advances – Projects in West Cairo	2 012 837 379	1 587 380 352
Advances – Projects in East Cairo (37-1)	4 830 773 205	4 492 702 917
Advances – Projects on the North Coast	180 707 842	298 799 019
Advances – Clubs Memberships	555 005 278	387 583 844
Advances for other group activities	39 919 393	22 867 282
	<u>7 619 243 097</u>	<u>6 789 333 414</u>

- Includes an amount of EGP 935 589 312 representing the value of financial component on installments collected from customers

(37-1) The balance of Advances – Projects in East Cairo includes an amount of EGP 932 818 307 which represents the net advances from customers of SODIC EAST project with a total value of EGP 2 686 007 022. The total value has been reduced by EGP 806 731 218, which represents Heliopolis Housing and Development Company's share of the residential units mentioned in the joint operation contract (70% for the developer and 30% for the owner).

- Uncollected notes receivables for undelivered units, amounting to EGP 13.06 billion that are not included in the financial statements have been disclosed in note No. (47).

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**38. Contractors, suppliers and notes payable**

	<b>31/12/2020</b>	<b>31/12/2019</b>
	<b>EGP</b>	<b>EGP</b>
Contractors	410 330 403	262 443 569
Suppliers	29 143 222	37 344 346
Notes payable (38-1)	212 705 696	419 716 762
	<b>652 179 321</b>	<b>719 504 677</b>
<b><u>Deduct:</u></b>		
Unamortized interest - notes payable	-	14 685 288
	<b>652 179 321</b>	<b>704 819 389</b>

(38-1) Notes payable include EGP 75 Million which represents the amount due to the New Urban Communities Authority.  
The Group's exposure to currency and liquidity risks related to suppliers, contractors and notes payable is disclosed in note No. (43).

**39. Creditors and other credit balances**

	<b>31/12/2020</b>	<b>31/12/2019</b>
	<b>EGP</b>	<b>EGP</b>
Amounts collected on account for management, operation and maintenance of projects *	1 284 045 656	1 148 875 865
Due to related parties	146 909	146 909
Accrued expenses	166 076 811	108 148 328
Customers - Beverly Hills – capital contributions	15 838 370	15 426 047
Customers – credit balances	79 120 978	39 158 860
Tax Authority – other than Income tax	60 851 156	41 704 336
Dividends payable	240 374	-
Accrued compensated absence	7 284 403	4 668 624
Insurance Deposits collected from customers – Against modifications	3 950 700	1 849 615
Social insurance - Contractors	10 281 810	6 946 001
Unearned revenue	4 709 096	15 627 491
Retentions	94 342 459	72 452 267
Due to beneficiaries from Incentive plan	1 077 107	1 077 107
Deposits from others	55 249 308	48 470 222
Creditors – investments properties under development	28 801 717	-
Sundry creditors short term	17 152 826	21 914 901
	<b>1 829 169 680</b>	<b>1 526 466 573</b>

\* Uncollected notes receivable for maintenance of undelivered units amounting to EGP 722 million, have been disclosed in note No. (47).

– The Group's exposure to currency and liquidity risks related to creditors is disclosed in note No. (43).

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**40. Provisions**

**A- Provision for completion of works**

	Balance as at 1/1/2020 EGP	Formed during the year EGP	Used during the year EGP	Provisions no longer required during the year EGP	Balance as at 31/12/2020 EGP
Provision for completion of works *	176 345 259	209 228 650	(63 828 581)	-	321 745 328
	<b>176 345 259</b>	<b>209 228 650</b>	<b>(63 828 581)</b>	<b>-</b>	<b>321 745 328</b>

\* This provision is for estimated costs related to delivered units and expected to be incurred in the following years to complete the execution of the project in its final stage

**B- Claims provisions**

	Balance as at 1/1/2020 EGP	Formed during the year EGP	Used during the year EGP	Provisions no longer required during the year EGP	Balance as at 31/12/2020 EGP
Provision for expected claims	11 568 646	3 107 086	-	-	14 675 732
	<b>11 568 646</b>	<b>3 107 086</b>	<b>-</b>	<b>-</b>	<b>14 675 732</b>

- The provision is formed for existing claims related to the Company's transactions with other parties. The Company's management reviews the provisions annually and makes any amendments if needed according to the latest agreements and negotiations with those parties.
- The Company did not disclose all of the information required by the Egyptian accounting standards with those parties as the management assumes that the disclosure of such information would seriously affect the company's negotiations with those parties.

**41. Non - cash transactions**

For the purpose of preparing the consolidated statement of cash flows for the financial year ended December 31, 2020, the effect of the following investment transactions was excluded as they are considered non - cash transactions:

	EGP
The value of buildings under construction and other Works in progress transferred to investment properties	15 862 673
The value of buildings under construction and other Works in progress transferred to Fixed Assets	310 396 957
The value of finished commercial units transferred to investment properties	11 948 649
The non-cash transaction of recognizing net present value adjustments of the land of the 500 acres project in Sheikh Zayed Extension	782 758 275
The non-cash portion of acquiring investments properties in progress that were recognized as due to long-term & short-term creditors	42 556 814
The value of plot of land transferred from fixed assets to work-in-process	8 495 157
The value of projects under construction transferred to investment properties under development	71 252 082
The value of buildings under construction and other Works in progress transferred to investment properties under development	2 031 974 185

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**42. Fair values**

**Fair values versus carrying values**

Financial instruments for the group are, cash at banks and on hand, treasury bills, customers, notes receivable and investments in equity instruments, suppliers, contractors, notes payable and other credit balances and monetary items included in debtors and creditors accounts.

The main purpose of these financial instruments is to provide funding for the activities of the group. According to the valuation techniques followed in evaluating the assets and liabilities of the group, the carrying value of these financial instruments represent a reasonable estimate of their fair value.

**Capital management**

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor, and market confidence and to sustain future development of the business.

The Board of Directors of the Parent Company monitors the return on capital, which the Company defines as net profit for the year divided by total equity. The Board of Directors of the Parent Company also monitors the level of dividends to ordinary shareholders.

There were no changes in the Company's approach to capital management during the year. In addition, The Company is not subject to externally imposed capital requirements.

**43. Financial risk management**

The Group is exposed to the following risks from its use of financial instruments:

- A. Credit risk
- B. Liquidity risk
- C. Market risk
- D. Currency risk
- E. Interest rate risk
- F. Other market price risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, as well as the Group management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

The Board of Directors of the Parent Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board also identifies and analyzes the risks faced by the Company, sets appropriate risk limits and controls, and monitors risks and adherence to limits.

The Group aims to develop a disciplined and constructive control environment through which all employees understand their roles and obligations.

**a) Credit risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur financial loss. This risk is mainly associated with the Company's customers and other receivables.

**Trade and other receivables**

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer and the demographics of the Group's customer base, which includes the default risk of the industry which has less influence on credit risk.

All of the Group's revenues is attributable to sales transactions with a vast group of customers. Therefore, demographically, there is no concentration of credit risk.

The Group's management has established a credit policy under which each customer is subject to credit valuation before the Company's standard payment and delivery terms and conditions are offered to him. The Company obtains advance payments and cheques that cover the full sales value

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in advance and before the delivery of units to customers. No previous losses were observed from transactions with customers.

Sales of units are made subject to retention of title clauses and the ownership title is transferred only after the collection of the full sales value. In the event of non-payment, the unit is returned to the Company and the amounts collected from customers are repaid on the date of the default after deducting a 5 % to 10 % of this value.

**Investments**

The Company manages the risk via conducting detailed investment studies which are reviewed by the Board of Directors. The Company's management does not expect any counterparty to fail to meet their obligations.

**Guarantees**

The group extends corporate guarantees to subsidiaries, when needed, after the approval of the Extra Ordinary General Assembly Meeting (EGM).

**b) Liquidity risk**

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they become due.

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group ensures that it has sufficient cash on demand to meet expected operational expenses for an appropriate period including the cost of servicing financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

In addition, the Group maintains the following lines of credit:

- EGP 5 Million as a bank facility for one of the subsidiaries guaranteed by time deposits.
- A medium-term loan in the amount of EGP 1 300 Million.
- A medium-term loan in the amount of EGP 500 Million.
- A medium-term loan in the amount of EGP 2 570 Million for one of the subsidiaries.
- A medium-term loan in the amount of EGP 1 000 Million for one of the subsidiaries.

**c) Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimizing the return.

**d) Currency risk**

The Group is exposed to currency risk on sales and financial assets that are denominated in foreign currencies. Such risk is primarily represented in USD and Syrian Lira.

In respect of monetary assets and liabilities denominated in other foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short- term imbalances.

The Company's investments in its subsidiaries are not hedged as those currency positions are considered long-term in nature.

The Parent Company does not enter into hedging contracts for foreign currencies.

**e) Interest rate risk**

The Company adopts a policy to limit the company's exposure for interest risk, therefore the company's management evaluates the available alternatives for finance and negotiates with banks to obtain the best available interest rates and credit conditions. Borrowing contracts are presented to the Board of Directors. The finance position and finance cost are periodically evaluated by the Company's management. The Company does not enter into hedging contracts for interest rates.

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**f) Other market price risk**

Equity price risk arises from available-for-sale equity securities, the management of the Group monitors the mix of equity securities in its investment portfolio based on market indices and the objective valuation of the financial statements related to these shares.

Material investments within the portfolio are managed on an individual basis and all buying and selling decisions are approved by the Company's Board of Directors.

The primary goal of the Company's investment strategy is to maximize investment returns. Management is assisted by external advisors in this regard.

In accordance with this strategy certain investments are designated as held for trading because their performance is actively monitored, and they are managed on a fair value basis.

**43-1 Credit risk**

The carrying amount of financial assets represents the maximum exposure to credit risk as at December 31, 2020 as follows

	<b>Note</b>	<b>31/12/2020</b>	<b>31/12/2019</b>
	<b>No.</b>	<b>EGP</b>	<b>EGP</b>
Receivables & Notes Receivables Long term	(20)	794 441 952	615 182 905
Receivables & Notes Receivables Short term	(20)	1 218 170 107	1 021 118 791
Debtors and other debit balances	(21)	2 445 720 191	2 558 317 065
Investments at amortized cost	(23)	674 786 982	1 377 693 049
Cash at banks	(24)	1 531 377 722	1 483 470 519
		<b>6 664 496 954</b>	<b>7 055 782 329</b>

**43-2 Liquidity risk**

The following are the contractual maturities of financial liabilities:

<b><u>December 31, 2020</u></b>	<b>Carrying amount</b>	<b>Less than 1 year</b>	<b>1-2 years</b>	<b>2-5 years</b>
	<b>EGP</b>	<b>EGP</b>	<b>EGP</b>	<b>EGP</b>
Bank facilities	226 619	226 619	-	-
Short - term loans	433 651 176	433 651 176	-	-
Long - term loans	1 822 342 750	-	664 776 769	1 157 565 981
Contractors and suppliers	439 473 625	439 473 625	-	-
Other creditors	7 870 175 894	2 019 634 790	761 744 023	5 088 797 081
Notes payable -short term	212 705 696	212 705 696	-	-
	<b>10 778 575 760</b>	<b>3 105 691 906</b>	<b>1 426 520 792</b>	<b>6 246 363 062</b>
<b><u>December 31, 2019</u></b>	<b>Carrying amount</b>	<b>Less than 1 year</b>	<b>1-2 years</b>	<b>2-5 years</b>
	<b>EGP</b>	<b>EGP</b>	<b>EGP</b>	<b>EGP</b>
Short - term loans	592 714 355	592 714 355	-	-
Long - term loans	1 281 130 084	-	642 778 710	638 351 374
Contractors and suppliers	299 787 915	299 787 915	-	-
Other creditors	6 699 290 063	1 417 370 734	877 585 183	4 404 334 146
Notes payable -short term	405 031 474	405 031 474	-	-
Notes payable -long term	67 545 617	-	67 545 617	-
	<b>9 345 499 508</b>	<b>2 714 904 478</b>	<b>1 587 909 510</b>	<b>5 042 685 520</b>

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### 43-3 Currency risk

#### Exposure to currency risk

The Group's exposure to foreign currency risk for main currencies was as follows:

#### December 31, 2020

Description	USD	Euro	GBP
Cash at banks	19 451 199	65 230	11 829
Notes receivables	596 610	-	-
Debtors and other debit balances	-	-	-
Creditors and other credit balances	(486 000)	-	-
<b>Surplus of foreign currencies</b>	<b>19 561 809</b>	<b>65 230</b>	<b>11 829</b>

#### December 31, 2019

Description	USD	Euro	GBP
Cash at banks	17 559 166	312 679	-
Notes receivables	596 610	-	-
Debtors and other debit balances	-	12 500	-
Creditors and other credit balances	(486 000)	-	-
<b>Surplus of foreign currencies</b>	<b>17 669 776</b>	<b>325 179</b>	<b>-</b>

The following is the average exchange rates during the year:

	Average exchange rate during the year		Spot rate at the financial statements date	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
	EGP	EGP	EGP	EGP
USD	15.78	16.53	15.66	15.99
Euro	19.22	17.90	19.22	17.90
GBP	21.38	-	21.38	-

#### Sensitivity Analysis

A reasonably possible strengthening (weakening) of 5% other currencies exchange rate against Egyptian pound As of December 31, 2020 would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

	Profit or Loss	
	Strengthening	Weakening
	EGP	EGP
USD	15 552 516	(15 552 516)
Euro	56 179	(56 179)
GBP	12 645	(12 645)
	<b>15 621 340</b>	<b>(15 621 340)</b>

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A reasonably possible strengthening (weakening) of 5% other currencies exchange rate against Egyptian pound as of December 31, 2019 would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

	<b>Profit or Loss</b>	
	<b>Strengthening</b>	<b>Weakening</b>
	<b>EGP</b>	<b>EGP</b>
USD	14 126 986	(14 126 986)
Euro	291 035	(291 035)
GBP	-	-
	<b>14 418 021</b>	<b>(14 418 021)</b>

**43-4 Interest rate risk**

At the date of consolidated financial statements, the interest rate profile of the Group's financial instruments was as follows: -

	<b>Carrying amount</b>	
	<b>31/12/2020</b>	<b>31/12/2019</b>
	<b>EGP</b>	<b>EGP</b>
<b><u>Financial instruments with a fixed rate</u></b>		
Financial assets	3 364 134 801	4 102 643 030
Financial liabilities	(212 705 696)	(472 577 091)
	<b>3 151 429 105</b>	<b>3 630 065 939</b>
<b><u>Financial instruments with a variable rate</u></b>		
Financial liabilities	(2 256 220 545)	(1 873 844 439)
	<b>(2 256 220 545)</b>	<b>(1 873 844 439)</b>

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. The Company does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the consolidated financial statements date would not affect the consolidated statement of profit or loss.

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**44. Transactions with related parties**

Related parties are represented in the Parent Company' shareholders, Board of Directors, executive directors and companies in which they own directly or indirectly shares giving them significant influence or control over these companies. The Parent Company made several transactions with related parties during the year and these transactions have been made in accordance with the terms determined by the group's management and are exclusive of added value. Summary of significant transactions concluded during the year and the resulting balances of the related parties at the consolidated balance sheet date were as follows: -

**a) Transactions with related parties**

		31/12/2020
<u>Party / Relationship</u>	<u>Nature of transaction</u>	<u>Amount of transaction</u> <u>EGP</u>
Executive managers and Board of Directors (Parent Company)	Executive and Board of Directors	(See note No.10-1).
Palmyra – SODIC for Real Estate Development	Loan for joint projects	904 668

**b) Balances resulting from transactions with related parties**

		31/12/2020	31/12/2019
<u>Party</u>	<u>Item as shown in the consolidated balance sheet</u>	<u>EGP</u>	<u>EGP</u>
Palmyra – SODIC for Real Estate Development *	Loans to Joint Ventures	200 532 011	199 618 343
	Accrued interest on loan under debtors caption	65 482 130	65 482 130
	Accrued on joint venture – related parties under debtor caption	35 191 620	35 191 620

\* Impairment in dues from Palmyra – SODIC for Real Estate Development has been recorded as described in note No. (21 &22).

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**45. Tax status**

Summary of the group company's tax status at the consolidated financial statements date is as follows: -

**Corporate tax**

- Years 1996 to 2014 have been tax inspected and tax differences have been paid and settled.
- Years 2015 to 2018 have been inspected and the company did not receive any tax matches until the date of approval of the financial statements.
- Year 2019 have not been inspected and no tax claims have been received till the date of authorizing of these financial statements for issuance.
- The Company submits its annual tax return on due dates in accordance with Law No. 91 of 2005 regulations and amendments, and pays the due tax.

**Salary tax**

- Years 1996 to 2012 have been inspected and tax differences have been paid and settled.
- Years 2013 to 2019 have not been inspected and no tax claims have been received till the date of authorizing of these financial statements for issuance.
- The Company pays the monthly salary tax on due dates in accordance with the law.

**Withholding tax**

- Tax inspection has been carried out from 1996 till the first quarter of the year 2017, and the Company has not received any tax claims till the date of authorizing of these financial statements for issuance.
- The Company pays the withholding tax on due dates in accordance with the law.

**Stamp tax**

- Tax inspection was carried out from 1996 to 2014, and tax differences have been fully paid.
- Years 2015 to 2019 under inspection and no tax claims have been received till the date of authorizing of these financial statements for issuance.
- The Company submits stamp tax returns on a regular basis and pays the accrued taxes on due dates in accordance with the law.

**Sales/value added tax**

- Years 1996 to 2019 have been inspected and tax differences have been paid and settled.
- The Company submits the value-added tax returns on a regular basis and pay the accrued taxes on due dates in accordance with the law.

**Real estate property tax**

- The Company submitted its real estate property tax returns of year 2009 on due dates in accordance with Law No. 196 of 2008.

**46. Capital commitments**

Capital commitments as of December 31, 2020 amounted EGP 113 537 (December 31, 2019: EGP 3 750).

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**47. Post-dated checks (off balance sheet)**

The company maintains off balance sheet post-dated checks received from customers in accordance with contracts, those checks are related to undelivered units as follows:

	<b>Note</b>	<b>31/12/2020</b>	<b>31/12/2019</b>
	<b>No.</b>	<b>EGP</b>	<b>EGP</b>
Postdated checks – customer advances	(37)	13 061 687 999	10 996 811 890
Postdated checks maintenance installment	(39)	722 108 038	538 939 294
		<b>13 783 796 037</b>	<b>11 535 751 184</b>
These checks are due			
Checks due within 12 month	(20)	3 194 857 351	2 932 872 248
Checks due after one year – long term	(20)	10 588 938 686	8 602 878 936
		<b>13 783 796 037</b>	<b>11 535 751 184</b>

**48. Legal status**

There is a dispute between the parent Company and another party regarding the contract concluded between them on 23/2/1999 which is related to delivering this party a plot of land as a usufruct right for indefinite year of time and a return for an annual rental with a minimal amount for a total of 96 acres approximately and which has not been delivered up till this date as the management of this party did not abide by the detailed conditions of the contract. There are exchanged notifications concerning this land between the management of the parent Company and the management of this party. During 2009, this party raised a court case No. 3 of 2009 Civil 6th of October against the parent Company asking it for the delivery of the allocated land. A preliminary judgment was issued by the court in its session held on February 22, 2010 to refer this matter to Experts and to delegate the Experts Office of the Ministry of Justice to embark this case and set a session to be held on April 26, 2010 for the expert to present his report. The session was postponed by the court several times, the latest on which to November 24, 2014. On that date, the 6 of October partial court decided to reverse its previous decree of proof procedures dated February 22, 2010 by refusing the case. The other party appealed the decision and a hearing was scheduled for April 08, 2021; during the session on November 24, 2014 the court also decided to appoint an expert, the session for the expert has not been determined yet.

The parent Company's legal counsel is of the opinion that the parent Company has the right to maintain and exploit this land under the contract as the said contract has not been affected and no usufruct right has arisen to this party since its effect was based on conditions that have not been met. In addition, in case of any dispute raised by this party to possess the land, the parent Company has the actual and physical possession of the land and hence it has the right to continue in possessing the land till settlement of this dispute in front of court.

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**49. Incentive and bonus plan of the Parent Company's employees and managers**

- On January 20, 2016 the extraordinary general assembly have approved the new Employees Stock Option Plan for executive board members and directors through granting shares with special conditions as per stated in the plan that part of the company's shares should be assigned to the employee stock option plan equal to 1% of the company's issued capital annually on five tranches for a period of six years and three months as per annex (1). These shares will be made available by using the special reserve- additional paid in capital, or reserves, or part of it, or retained earnings, or part of it for capital increase. The additional shares are to be issued to the employee stock option plan based on the approval of the Board of Directors as per the delegation granted by the company's extraordinary general assembly dated January 20, 2016. The granting of the employee stock option plan shares is to be based on a decision from the supervisory committee by the treasurer.
- The board of directors have decided on the meeting dated November 30, 2016 to increase the issued capital from EGP 1 355 638 292 to become EGP 1 369 194 672 by an amount of EGP 13 556 380 divided on 3 389 095 shares of par value EGP 4 per share, this capital increase is to be financed from the special reserve- Additional paid in capital, and to be fully utilized by the Employees Stock Option plan granted to the executives board members and the directors as per the option plan approved by the extraordinary general assembly dated January 20, 2016, which have decided to apply the Employees Stock Option Plan for the executive board members and directors through assigning shares with certain conditions. The commercial register was modified on February 5, 2017.
- The Board of Directors have decided on the meeting dated October 23, 2018 to increase the issued capital from EGP 1 369 194 672 to become EGP 1 396 715 488 by an amount of EGP 27 520 816 divided on 6 880 204 shares of par value EGP 4 per share, this capital increase is to be financed from the special reserve- Additional paid in capital, and to be fully utilized for the second and third sections from the sections of Employees Stock Option plan granted to the executives board members and the directors as per the option plan approved by the extraordinary general assembly dated January 20, 2016, which have decided to apply the Employees Stock Option Plan for the executive board members and directors through assigning shares with certain conditions, and delegate the board of directors to execute the procedures of the required increase to issue new shares to be utilized in the Employees Stock Option plan, The commercial register was modified on January 8, 2019.
- The board of directors have decided on the meeting dated September 7, 2020 to increase the issued capital from EGP 1 396 715 488 to become EGP 1 424 789 472 by an amount of EGP 28 073 984 divided on 7 018 496 shares of par value EGP 4 per share, this capital increase should be financed from the special reserve- Additional paid in capital, and to be fully utilized for the second and third sections from the sections of Employees Stock Option Plan granted to the executive board members and the directors as per the option plan approved by the extra ordinary general assembly dated January 20, 2016 as mentioned in details in note (31).

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**50. Important events during the financial period that do not require adjusting the financial statements**

During 2020 the world health organization declared the emerging (COVID-19) outbreak a global pandemic, as a result, across the globe, governments, businesses, and individuals took action to prevent and manage the spread of the virus, and to protect health and livelihoods of themselves and their communities.

Our first and foremost priority during this crisis was the safety and wellbeing of our staff, their families, and our residents, all while ensuring business continuity to deliver to all our stakeholders. We created a cross-functional response team that works around the clock to address these issues. The process has accelerated our plans for digitization both internally and on client interactions as we put the safety and health of our people first, while maintaining full operations. Construction was temporarily suspended then resumed fully after ensuring the appropriate measures were put in place by our contractors on site. Accordingly, we continue to operate at normal levels while enforcing preventative measures and monitoring the situation very closely to proactively respond to new developments.

The initial effect of the outbreak on the business was reflected in the lower number of deliveries during the first half of the year, as lockdowns and mobility restrictions decreased the urgency for customers to come in for handovers, postponing these visits to when the situation improves. As the lockdowns and restrictions were lifted and the situation continued to stabilize, deliveries picked up starting June and we continued to deliver at very solid levels that led our deliveries during the year 2020 to exceed our initial targets. Collection rates were also affected by the outbreak as the value of delinquencies increased during the first half of 2020 compared to our historical average. Starting June, our collection rates began to improve as the situation stabilized and economic activity restarted, with the delinquency rate for full year 2020 coming in very slightly above that of 2019. During the first half of the year our contracted sales were negatively affected by mobility restrictions and economic uncertainty as well as the cancellation of major marketing events and the postponement of a number of launches on our projects due to the (COVID-19) outbreak. We took action to mitigate the effect by successfully launching our online virtual sales platform to reach our clients but despite our efforts, our sales during the first half of 2020 were lower than what we achieved during the same period in 2019. As the situation stabilized and uncertainty subsided, contracted sales increased significantly in July and continued strong performance during the third and fourth quarters of 2020 led our gross contracted sales for the year to surpass gross contracted sales achieved during 2019.

We believe that while the ongoing outbreak presents significant challenges, it also provides an opportunity to standout and distinguish ourselves. The strength and liquidity of our balance sheet strongly support us but more importantly, we believe that it is our credibility and track record of strong performance in turbulent times as well as our customer centric approach to the crisis that make us stand out in these times.

We operate in a sector with very strong local demand fundamentals that has proven its resilience in face of historical and current challenges, and we continue to believe in the long-term drivers of growth in our market. In light of our current knowledge and available information, we do not expect the emerging virus (COVID-19) to have an impact on the company's ability to continue in the foreseeable future.

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**51. Comparative figures**

Some comparative figures have been reclassified to be consistent with the classification of current financial statements, as some of these reclassifications has a material effect on the information in the statement of financial position at the beginning of the preceding period, the comparative figures for years 2019 and 2018 were re-presented in accordance with the Egyptian Accounting Standard No. (1) "Presentation of financial statements."

The most prominent reclassifications are:

- The company maintains post-dated checks of undelivered units amounted to EGP 11 535 751 184 as of December 31, 2019, these checks were treated as off-balance sheet, thus were not included in statement of financial position. That enhanced the presentation of Advances & creditors by showing only the amounts collected in cash or at bank as advance payments or as maintenance deposits, and to enhance the receivables presentation by showing what the outstanding uncollected amounts related to delivered units already recognized as revenue. Whereas, post-dated checks for undelivered units represent future instalments according to payment schedule of each customer according to the contracts, accordingly these checks represent contractual collection terms for sales that will be recognized in the future upon satisfying the performance obligation of those contracts with customers.
- Reclassifying maintenance deposits collected from customers amounting to EGP 1 067 720 406 as at December 31, 2019, from cash & equivalent to other debit balances as the purpose of these deposits is to finance regular maintenance expenses related to the delivered units and cannot be used for any other purpose.
- Reclassifying interest income from installments during the year and discounts for early payment amounting to EGP 169 083 044 & EGP 116 681 353 respectively from other operating income & other operating expenses to revenue from real-estate sales, in consistence with the presentation of revenue in accordance with the Egyptian Accounting Standard No. 48, by recognizing any financial component related to Revenue less any related discounts.
- The following table shows the effect of those classifications on the opening balances of the financial position:

	<b>Before reclassification</b>	<b>Reclassification</b>		<b>After reclassification</b>
	<b>EGP</b>	<b>Debit</b>	<b>Credit</b>	<b>EGP</b>
Notes receivables – long term	9 227 550 853	-	8 612 367 948	615 182 905
Notes receivables – Short term	3 895 838 189	8 486 563	2 883 205 961	1 021 118 791
Debtors and other debit balances	1 964 137 409	1 067 720 407	8 486 563	3 023 371 253
Cash at banks and on hand	2 596 006 141	-	1 107 897 682	1 488 108 459
Advances - from customers	17 743 774 560	10 977 308 428	22 867 282	6 789 333 414
New Urban Communities Authority current	-	-	97 370 724	97 370 724
Creditors and other credit balances	2 205 147 335	678 680 762	-	1 526 466 573
Sales of real estate	5 066 021 640	116 681 352	169 083 043	5 118 423 331
Revenue from clubhouse & golf	16 451 454	-	195 322	16 646 776
Cost of clubhouse & golf	44 348 419	3 369 749	-	47 718 168
Other operating expenses	127 005 109	-	125 006 665	1 998 444
Other operating revenues	245 888 453	170 968 958	-	74 919 495
Expected credit loss	-	6 634 720	-	6 634 720
Selling and marketing expenses	385 159 146	-	53 276	385 105 870
General and administrative expenses	496 823 670	-	3 316 473	493 507 197

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**52. Basis of measurement**

The consolidated financial statements have been prepared on historical cost basis except for the following:

- Financial assets and liabilities recognized at fair values through profits and losses.
- Financial assets and liabilities recognized at fair values through other comprehensive income.

**53. Significant accounting policies**

The Company has consistently applied the following accounting policies to all periods presented in these Separate financial statements, except if mentioned otherwise (see also Note No. 5).

**53-1 Business combination**

- The Group accounts for business combination using the acquisition method when control is transferred to the Group.
- The consideration transferred in the acquisition is generally measured at fair value, as are net values of the assets acquired where identifiable
- Any goodwill that arises is tested annually for Impairment. Any gain on a bargain purchase is recognized as profit or loss immediately.
- Transaction cost are expensed as incurred, except if related to the issue of debt or equity securities.
- The consideration transferred does not include amounts related to the settlement of pre-existing relationship. Such amounts are generally recognized in profit or loss.
- Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay a contingent consideration meets the definition of financial instrument as classified as equity, then it is not re-measured and settlement is accounted for within equity. Otherwise, other contingent considerations are re-measured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognized in profit or loss.

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**a) Subsidiaries**

- Subsidiaries are entities controlled by the Group.
- The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
- The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.
- Subsidiaries are represented in the following: -

<u>Subsidiary name</u>	<u>Country of Incorporation</u>	<u>Ownership</u>	
		<u>As at 31/12/2020</u>	<u>As at 31/12/2019</u>
		<u>%</u>	<u>%</u>
1- Sixth of October for Development and Real Estate Projects Company "SOREAL" - S.A.E	Egypt	99.99	99.99
2- Beverly Hills for Management of Cities and Resorts Co. - S.A.E (*)	Egypt	46.75	46.75
3- SODIC Garden City for Development and Investment Co. S.A.E	Egypt	50	50
4- Al Yosr for Projects and Real Estate Development Co. - S.A.E	Egypt	99.99	99.99
5- SODIC for Development and Real Estate Investment Co. – S.A.E	Egypt	99.99	99.99
6- SODIC Polygon for Real Estate Investment Co. - S.A.E	Egypt	100	100
7- SODIC for Golf and Tourist Development Co. - S.A.E	Egypt	100	100
8- Fourteen for Real Estate Investment Co. - S.A.E	Egypt	99.99	99.99
9- La Maison for Real Estate Investment Co. - S.A.E	Egypt	99.99	99.99
10- Tegara for Trading Centers Co. S.A.E	Egypt	95.24	95.24
11- Edara for Services of Cities and Resorts Co. –S.A.E	Egypt	99.97	99.97
12- Soreal for Real Estate Investment	Egypt	99.99	99.99
13- SODIC for Securitization	Egypt	99.99	99.99
14- SODIC Syria L.L.C (**)	Syria	100	100
15- Tabrouk Development Company (D)	Egypt	100	100
16- El Diwan for Real Estate Development Company	Egypt	100	100
17- SODIC for Clubs Company	Egypt	100	100

(\*) The legal participation in Beverly Hills for Management of Cities and Resorts Co. amounts to 48.91 %, which includes 2.16 % transitory shares currently in the name of the Company. The title of these shares will be transferred to the ultimate shareholders (Owners of Beverly Hills Project units).

(\*\*) On June 15, 2010, SODIC Syria Co. a Syrian limited liability Co. was established for acquiring a 50% stake of the share capital of Palmyra - SODIC for Real Estate Development L.L.C, a limited liability company registered and operating in the Syrian Arab Republic.

**b) Non-controlling interests**

NCI are measured at their proportionate share of the acquirer's identifiable net assets at the date of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

**c) Loss of control**

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

**d) Investments accounted for equity method**

Investments that are accounted for using the equity method comprise interests in associates and joint venture. And have no right to its assets and obligations for its liabilities associated with the arrangements.

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Associates are those entities in which the group has significant influence, but not control or joint control, over the financial and operating policies.

A joint venture is an arrangement in which the group has joint control, whereby the group has rights to the net assets of the arrangement.

Investments in associates and joint venture are accounted for using the equity method. They are initially recognized at cost, which includes transaction costs.

Subsequent to initial recognition, the consolidated financial statements include the group share of the profit or loss and OCI of equity-accounted investees.

**e) Transaction elimination on consolidation**

Intra - group balances and transactions, and any unrealised income and expenses arising from intra - group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

**53-2 Foreign currency**

**a) Foreign currency transactions**

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date.

Assets and liabilities that are measured at fair value in a foreign currency are translated at the exchange rate when the fair value was determined.

Non - monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

Foreign currency differences are generally recognized in profit or loss.

However, foreign currency differences arising from the translation of the following items are recognized in OCI:

- Financial assets at fair value through OCI (except on impairment, in which case foreign currency differences that have been recognized in OCI are reclassified to profit or loss).
- A financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective.
- Qualifying cash flow hedges to the extent that the hedges are effective.

**b) Foreign Operations**

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated at the exchange rates at the reporting date. The income and expenses of foreign operations are translated at the exchange rates at the dates of the transactions.

Foreign currency differences are recognized in OCI and accumulated in the translation reserve, except to the extent that the translation difference is allocated to NCI.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI.

When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

### **53-3 Discontinued operation**

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held – for - sale.

When an operation is classified as a discontinued operation, the comparative statement of profit or loss and OCI is re-presented as if the operation had been discontinued from the start of the comparative year.

### **53-4 Revenue from Contracts with Customers**

- The Company applied the EAS No. 48 as of January 1, 2020. Information about the Company's accounting policies relating to contracts with customers is provided in five steps as identified (in Note No.5-B):
- Revenue from contracts with customers is recognized by the company based on five step module as identified in EAS No. 48:
  - Step 1: Determine the contract (contracts) with customer: A contract is defined as an agreement between two or more parties that meets the rights and obligations based on specified standards which must be met for each contract.
  - Step 2: Determine the performance obligations in contract: Performance obligations is a consideration when the goods and services are delivered.
  - Step 3: Determine the transaction price: Transaction price is the compensation amount that the Company expects to recognize to receive for the transfer of goods or services to customer, except for the collected amounts on behalf of other parties.
  - Step 4: Allocation of the transaction price of the performance obligations in the contract: If the service concession arrangement contains more than one performance obligation, the Company will allocate the transaction price on each performance obligation by an amount that specifies an amount against the contract in which the Company expects to receive in exchange for each performance obligation satisfaction.
  - Step 5: Revenue recognition when the entity satisfies its performance obligations.
- The Company satisfy the performance obligation and recognize revenue over time, if one of the following criteria is met: -
  - a) Company performance does not arise any asset that has an alternative use of the Company and the Company has an enforceable right to pay for completed performance until the date.
  - b) The Company arise or improves a customer-controlled asset when the asset is arise or improved.
  - c) The customer receives and consumes the benefits of Company performance at the same time as soon as the company has performed.
- For performance obligations, if one of the above conditions is met, revenue is recognized in the period in which the Company satisfies performance obligation.
- When the Company satisfies performance obligation by providing the services promised, it creates an asset based on payment for the contract performance obtained, when the amount of the contract received from customer exceeds the amount of the revenue recognized, resulting advance payments from the customer (contractual obligation)
- Revenue is recognized to the extent that is potential for the flow of economic benefits to the Company, revenue and costs can be measured reliably, where appropriate.
- The application of Egyptian Accounting Standard No. 48 requires management to use the following judgements:

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**Satisfaction of performance obligation**

- The Company should assess all contracts with customers to determine whether performance obligations are satisfied over a period of time or at a point in time in order to determine the appropriate method for revenue recognition. The Company estimated that, and based on the agreement with customers, the Company does not arise asset has alternative use to the Company and usually has an enforceable right to pay it for completed performance to the date.
- In these circumstances, the Company recognizes revenue over a period of time, and if that is not the case, revenue is recognized at a point in time for the sale of goods, and revenue is usually recognized at a point in time.

**Determine the transaction price**

- The Company has to determine the price of the transaction in its agreement with customers, using this judgement, the Company estimates the impact of any variable contract price on the contract due to discount, fines, any significant financing component in the contract, or any non-cash contract.

**Control transfer in contracts with customers**

- If the Company determines the performance obligations satisfaction at a point of time, revenue is recognized when control of related contract' assets are transferred to the customer.

- In addition, the application of Egyptian Accounting Standard No. 48 has resulted in:

**Allocation of the transaction price of performance obligation in contracts with customers**

- The Company elected to apply the input method to allocate the transaction price to performance obligations accordingly that revenue is recognized over a period of time, the Company considers the use of the input method, which requires recognition of revenue based on the Company's efforts to satisfy performance obligations, provides the best reference to the realized revenue. When applying the input method, the Company estimates efforts or inputs to satisfy a performance obligation, In addition to the cost of satisfying a contractual obligation with customers, these estimates include the time spent on service contracts.

**Other matters to be considered**

- Variable consideration if the consideration pledged in a contract includes a variable amount, then the Company shall estimate the amount of the consideration in which it has a right in exchange for transferring the goods or services pledged to the customer, the Company estimates the transaction price on contracts with the variable consideration using the expected value or the most likely amount method. this method is applied consistently throughout the contract and for identical types of contracts.

**The significant funding component**

- The Company shall adjust the amount for the contract pledged for the time value of the cash if the contract has a significant funding component.

**Revenue recognition**

**a. Real estate and land sales**

- Revenue from sale of residential units, offices, commercial shops, service, and villas and for which contracts were concluded is recorded when upon transferring control to customers whether the said units have been completed or semi – completed (finished or semi-finished) at a value that reflects the expected value of the company in exchange for those units. To reflect those units / lands at a certain point of time.
- Revenues from sale of units/lands is recognized net after deducting the value of sales returns and deducting discounts granted to customers for early payment of future installments of the units over which control has transferred to customers.
- Revenues from sale of units/lands also includes the value of interest on installments collected during the financial year / period from previous years' sales.

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**The significant funding component**

- The company collects advance payments and installments from customers, before the transfer of control over contracted units to customers as agreed in the contract, accordingly there is a significant financing component in these contracts, taking into account the length of time between the customer's payments and the transfer of control to him, and the interest rate prevailing in the market.
- The transaction price for those contracts is discounted using the interest rate implicit in the contract, and the company uses the rate that would have been used in the event of a separate financing contract between the company and the customer at the beginning of the contract, which is usually equal to the interest rate prevailing in the state at the time of the contract.
- The company uses the exception of the practical application for short-term payments received from customers. This means the amounts collected from customers will not be modified to reflect the impact of the significant financing component if the period between the transfer of control over the units, service or payment is a year or less.

**b. Services revenue**

Service revenue is recognized when the service is rendered to customers. No revenue is recognized if there is uncertainty for the consideration or its associated costs.

**c. Rental income**

Rental income is recognized on a straight-line basis over the lease term.

**d. Interest income**

Interest income is recognized using the accrual basis, considering the period of time and effective interest rate.

**e. Commission revenue**

Commission revenue is recognized in the consolidated statement of profit or loss according to the accrual basis of accounting.

**f. Dividends**

Dividends income is recognized in the consolidated statement of profit or loss on the date the Company's right to receive payments is established.

**g. Construction contracts**

Contract revenue includes the initial amount agreed in the contract plus any variations orders in contract work, claims and incentive payments to the extent that is probable that they will result in revenue and can be measured reliably. As soon as the outcome of a construction contract can be estimated reliably, contract revenue and expenses is recognized according to the stage of completion of the contract. The stage of completion is assessed by reference to surveys of work performed. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized only to the extent of contract costs incurred that are likely to be recoverable. For construction contracts under process a provision for expected losses, if any, is immediately formed whenever such losses are determined.

Construction contract costs include all direct costs such as material cost, supplies, equipment depreciation and labor cost also includes indirect costs incurred by company such as indirect labor and maintenance. Also the cost includes general and administrative expense directly attributable to such work.

The difference between the estimated revenue calculated based on the percentage of completion and the amount collected from the actual billing to the customer is recognized as "due from customers" within the current assets caption. In case that the actual collections from customers is exceeding the estimated revenues calculated based on percentage of completion the difference is recognized as a due to customers within the current liabilities.

**h. Sale of goods revenue**

Revenue is recognized when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. For export sales, transfer of risks and rewards of the goods sold occurs according to the shipping terms.

**i. Gain on sale of investments**

Gain on sale of financial investments are recognized when ownership transfers to the buyer, based on the difference between the sale price and its carrying amount at the date of the sale.

Revenue is measured at the fair value of the consideration received or receivable to the company, and revenue is realized when there is sufficient expectation that there are future economic benefits that will flow to the company, and that the value of this revenue can be measured accurately, hence no revenue is recognized in the event of uncertainty about the recovery of this revenue Or the costs associated with it.

**53-5 Employee benefit**

**a) Short – term employee benefits**

Short - term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

**b) Share – based payment arrangements**

The grant (date fair value of equity) settled share - based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non - market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non - market performance conditions at the vesting date.

For share - based payment awards with non - vesting conditions, the grant - date fair value of the share - based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The fair value of the amount payable to employees in respect of SAR's, which are settled in cash, is recognized as an expense with a corresponding increase in liabilities, over the year during which the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date based on the fair value of the SAR's. Any changes in the liability are recognized in profit or loss.

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**c) Defined contribution plans**

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

The Group pays contributions to the Public Authority for Social Insurance for their employees based on the rules of the social insurance law no 79 for the year 1975. The employees and employers contribute under this law with a fixed percentage of wages. The Group's commitment is limited to the value of their contribution. And the Group's contribution amount expensed in profits and losses according to accrual basis.

The company also contributes to a group insurance program for its employees with one of the insurance companies. Accordingly, the insured employees receive end of service benefits when leaving the Company that will be paid by the insurance company. The contribution of the Company is limited to the monthly instalments. Contributions are charged to statement of profit or loss using the accrual basis. The program has been suspended starting from April 1, 2020, according to the company's management decision.

**53-6 Finance income and finance costs**

The Group's finance income and finance costs include:

- interest income
- interest expense
- The foreign currency gain or loss on financial assets and financial liabilities
- The fair value loss on contingent consideration classified as a financial liability
- The net gain or loss on financial assets at fair value through profit or loss

Interest income or expense is recognized using the effective interest method. Dividend income is recognized in profit or loss on the date on which the group's right to receive payment is established.

**53-7 Income Tax**

Current tax and deferred tax are recognized as income or expense in the profit or loss for the year, except in cases in which the tax results from a process or an event that is recognized - at the same time or in a different year - outside the profit or loss, whether in other comprehensive income or in equity directly or business combination.

**a) Current income tax**

The current tax for the current year and prior years and that have not been paid are recognized as a liability, but if the taxes that have already been paid in the current year or prior years are excess of the value payable for these years, this increase is recognized as an asset. The taxable current liabilities (assets) for the current year and prior years are measured at expected value paid to (recovered from) the tax authority, using the current tax rates (and tax laws) or in the process to be issued by the end of the financial year. Dividends are subject to tax as part of the current tax. Tax assets and liabilities are set-off only when certain conditions are met.

**b) Deferred tax**

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognized for:

- The initial recognition of goodwill.
- The initial recognition of assets or liabilities in a transaction that:
  - a. Is not a business combination.
  - b. Does not affect neither accounting nor taxable profit (or loss).

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- Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.
- Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the company's future business plans. Deferred tax assets are reassessed at each reporting date, and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are set-off only if certain conditions are met.

**53-8 Units ready for sale**

Units ready for sale are stated at cost or net realizable value, whichever is lower. Cost is calculated based on the product of the total area of the remaining units ready for sale on the reporting date multiplied by the average cost per meter. (The cost of the units includes land, utilities, construction, construction related professional fees, labor cost and other direct and indirect expenses). Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and selling expenses.

**53-9 Work in process**

- a) All costs relating to uncompleted works are recorded in work in process account until the completion of the works. Work in process is stated in the consolidated balance sheet at cost or net realizable value whichever is lower. Costs include directly attributable cost needed to bring the units to the selling status.
- b) For variable land acquisition consideration, the company recognizes what was actually paid as part of the cost of work in progress, the cost is subsequently settled whether by increase or decrease according to actual payments and returns.

**53-10 Property, plant and equipment**

**a) Recognition and measurement**

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

**b) Subsequent expenditure**

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

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**c) Depreciation**

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the (straight-line method) over their estimated useful lives for each item, and is generally recognized in profit or loss.

Land is not depreciated. Estimated depreciation rates for each type of assets for current and comparative years are as follow:

<b><u>Asset</u></b>	<b><u>Years</u></b>
Buildings and construction works	5-20
Caravans	5-10
Vehicles and transportation	5
Furniture and fixtures	4-10
Beach Furniture and fixtures	3-5
Office and communications equipment	5
Computer software	3
Solar power stations	25
Generators, machinery and equipment	2-5
Kitchen utensils	10
Wells, pumps and networks	4
Leasehold improvements	5 years or lease term whichever is lower
Solar stations	25
<b><u>Golf course assets</u></b>	
Constructions	20
Irrigation networks	15
Equipment and tools	15

**53-11 Projects under construction**

Projects under construction are recognized initially at cost. Cost includes all expenditures directly attributable to bringing the asset to a working condition for its intended use. Projects under construction are transferred to property, plant and equipment caption when they are completed and ready for their intended use.

**53-12 Investments properties under development**

Investments properties under development are recognized initially at cost. Cost includes all expenditures directly attributable to bringing the asset to a working condition for its intended use. Investments properties under development are transferred to Investments properties caption when they are completed and ready for their intended use.

**53-13 Intangible assets and goodwill**

**a) Recognition and measurement**

**I. Goodwill:**

Arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.

**II. Research and development:**

- Expenditure on research activities is recognized in profit or loss as incurred
- Development expenditure is recognized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortization and accumulated impairment losses.

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**III. Other intangible assets:**

Other intangible assets, including patents and trademarks, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

**b) Subsequent expenditure**

Subsequent expenditure is capitalized only when the intangible asset will increase the future economic benefits embodied in project, research, and development under construction which is recognized as intangible assets. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

**c) Amortization**

Amortization is calculated to write off the cost of intangible assets less their estimated residual values using the (straight - line method) over their estimated useful lives, and is generally recognized in profit or loss.

Goodwill is not amortized.

**53-14 Investment properties**

This item includes properties held for rent or increase in its value or both of them, Investment property is initially measured at cost and subsequently at fair value with any change therein recognized in profit or loss.

Depreciation is charged to statement of profit or loss on a straight-line basis over the estimated useful lives of each component of the investment properties. The estimated useful lives are as follows:

<u>Asset</u>	<u>Years</u>
Leased units	20
Roads	20
Elevators	10
Agriculture and landscape	10
Air-conditions	5
Sound systems and cameras	2

Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized in profit or loss.

**53-15 Financial instruments**

**1) Recognition and initial measurement**

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

## **2) Classification and subsequent measurement**

### **Financial assets- The applied policy from January 1, 2020**

On initial recognition, a financial asset is classified as measured at: amortized cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect future cash flows.
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The accounting policies related to the application are similar to the accounting policies applied by the Company, with the exception of the following accounting policy, which came into effect starting from January 1, 2020.

### **Financial assets- Business Model Assessment: Policy applied from January 1, 2020**

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- How the performance of the portfolio is evaluated and reported to the Company's management; and
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

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- How managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for de-recognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

**Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest: Policy applied from 1 January 2020**

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin. In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- Contingent events that would change the amount or timing of cash flows;
- Terms that may adjust the contractual coupon rate, including variable-rate features;
- Prepayment and extension features; and
- Terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual per amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

**Financial assets – Subsequent measurement and gains and losses: Policy applied from January 1, 2020**

<b>Financial assets classified at FVTPL</b>	Financial assets at FVTPL are measured at fair value. Changes in the fair value, including any interest or dividend income, are recognized in profit or loss.
<b>Financial assets at amortized cost</b>	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on de-recognition is recognized in profit or loss.

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<b>Equity investments at FVOCI</b>	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.
<b>Debt investments at FVOCI</b>	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On de-recognition, gains and losses accumulated in OCI are reclassified to profit or loss.

**Financial assets – Policy applied before January 1, 2020**

The Company classifies financial assets into one of the following classifications:

- Loans and debts
- Investments held to maturity
- Investments available for sale
- At fair value through profit or loss

**Financial assets – Subsequent measurement and gains and losses: Policy applied before January 1, 2020**

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<b>Financial assets at FVTPL</b>	Financial assets at FVTPL are measured at fair value. Changes in the fair value, including any interest or dividend income, are recognized in profit or loss.
<b>Financial assets held to maturity</b>	The amortized cost is measured using the effective interest method.
<b>Financial assets available for sale</b>	Financial assets are measured at fair value. Changes in fair value other than impairment losses and foreign currency differences on debt instruments, are recognized in OCI and accumulated in the fair value reserve. When these assets are derecognized, the accumulated gain or loss recognized in OCI is reclassified to Separate statement of income.

**Financial liabilities – Classification, subsequent measurement and gains and losses**

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on de-recognition is also recognized in profit or loss.

**3) De-recognition**

**Financial assets**

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

**Financial liabilities**

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On de-recognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

**4) Offsetting**

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

**53-16 Share capital**

**1) Ordinary Shares**

Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity. Income tax relating to transaction costs of an equity transaction are accounted for in accordance with EAS No. (24) "Income Tax".

**2) Repurchase and reissue of ordinary shares (treasury shares)**

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs is recognized as a deduction from equity. Repurchased shares are classified as treasury shares and are presented as a deduction from equity. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity and the resulting surplus or deficit on the transaction is presented within share premium.

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**53-17 Impairment**

**1) Non-derivative financial assets**

**Policy applied from January 1, 2020**

**Financial instruments and contract assets**

The Company recognizes loss allowances for ECLs on:

- Financial assets measured at amortized cost;
- Debt investments measured at FVOCI; and
- Contract assets.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- Debt securities that are determined to have low credit risk at the reporting date; and
- Other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.
- Loss allowances for trade receivables and lease receivables are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

**The Company considers a financial asset to be in default when:**

- The debtor is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as releasing security (if any is held); or
- The financial asset is more than 90 days past due.

The Company considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

**Measurement of ECLs**

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

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**Credit-impaired financial assets**

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

**Evidence that a financial asset is credit-impaired includes the following observable data:**

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or being more than 90 days past due;
- The restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- It is probable that the borrower will enter bankruptcy or other financial reorganization; or
- The disappearance of an active market for a security because of financial difficulties.

**Presentation of allowance for ECL in the statement of financial position**

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognized in OCI.

**Write-off**

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Company has a policy of writing off the gross carrying amount when the financial asset is two years past due based on historical experience of recoveries of similar assets. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

**Policy applied before January 1, 2020**

**Non-derivative financial assets**

Financial assets not classified as at fair value through profit or loss, including an interest in an equity accounted investee, are assessed at each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets are impaired includes:

- Default or delinquency by a debtor;
- Restructuring of an amount due to the Company on terms that the Company would not consider otherwise;
- Indications that a debtor or issuer will enter bankruptcy;
- Adverse changes in the payment status of borrowers or issuers;
- The disappearance of an active market for a security because of financial difficulties.
- Observable data indicating that there is a measurable decrease in the expected cash flows from a company of financial assets.

For an investment in an equity security, objective evidence of impairment includes a significant or prolonged decline in its fair value below its cost.

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<b>Financial assets at amortized cost</b>	<p>The Company assessed evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by companying together assets with similar risk characteristics.</p> <p>In assessing collective impairment, the Company used historical information on the timing of recoveries and the amount of loss incurred and made an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.</p> <p>An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.</p>
<b>Equity-accounted investees</b>	<p>Impairment losses in equity-accounted investees are measured by comparing their carrying amount with the recoverable amount, and the impairment losses are recognized in profit or loss and the impairment loss is reversed when preferential changes occur in the estimates used to determine the recoverable amount.</p>
<b>Financial assets available for sale</b>	<p>Impairment losses on available-for-sale financial assets are recognized by reclassifying the losses accumulated in the fair value reserve to profit or loss. The amount reclassified is the difference between the acquisition cost (net of any principal repayment and amortization) and the current fair value, less any impairment loss previously recognized in profit or loss.</p> <p>If the fair value of an impaired available-for-sale debt security subsequently increases and the increase can be related objectively to an event occurring after the impairment loss was recognized, then the impairment loss is reversed through profit or loss. Impairment losses recognized in profit or loss for an investment in an equity instrument classified as available-for-sale in profit or loss are not reversed.</p>

**2) Non-financial assets**

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories, work in progress, and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are companied together into the smallest company of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or companies of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

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An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized in the previous years.

### **53-18 Provisions**

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

#### **Provision for completion**

A provision for completion of work is formed at the estimated value of the completion of the projects' utility works (relating to the units delivered to customers and the completed units according to the contractual terms and conditions and the completed units for which contracts were not concluded) in their final form as determined by the Company's technical department. The necessary provision is reviewed at the end of each reporting year until finalization of all the project works.

### **53-19 Lease contracts**

#### **1) Determining whether the arrangement contains a lease contract or not**

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. Initially or when evaluating any arrangement that contains a contract lease, the Company separates the payments and the other consideration which are required by the arrangement of the lease and those of other elements based on their relative fair values. If the Company concludes with a finance lease that it is not possible to separate the payments in a reliable manner, then the asset and the liability are recognized at an amount equal to the fair value of the underlying asset; Then the liability is reduced when the payments is fulfilled and the finance cost calculated on the obligation is recognized using the Company's additional borrowing rate.

#### **2) Leased assets**

Lease contracts for property, plant and equipment that are transferred in a large degree to the Company, all of the risks and rewards associated with the property are classified as finance leases. Leased assets are initially measured at an amount equal to the fair value of the fair value and the present value of the minimum lease payments, whichever is less. After initial recognition, the assets are accounted for according to the accounting policy applied to that asset.

Assets held under other contracts leases are classified as operating contracts leases and are not recognized in the Company's statement of financial position.

#### **3) Lease payments**

Operating leases' payments are recognized in profit or loss on a straight-line basis over the term of the lease. Received lease incentives are recognized as an integral part of the total lease expense, over the lease term.

The minimum lease payments of finance leases are divided between financing expenses and the reduction of unpaid liabilities. Finance charges are charged for each period during the lease period to reach a fixed periodic interest rate on the remaining balance of the obligation.

**53-20 Cash and cash equivalents**

As a basis for preparation of cash flow, cash and cash equivalents comprise cash at banks and on hand, checks under collection and time deposits, that have maturity date less than three months from the purchase date. Also Bank overdrafts that are repayable on demand are considered a complementary part of the Group's cash management.

**53-21 Borrowing costs**

Borrowing costs are recognized as an expense when incurred using the effective interest rate.

**53-22 Interest –bearing borrowings**

Interest – bearing borrowings are recognized initially at fair value, net of attributable transaction costs incurred. Borrowings are subsequently stated at amortized cost, any differences between cost and redemption value are recognized in the statement of profit or loss over the year of the borrowing using the effective interest rate.

**53-23 Cost of sold lands**

The cost of sold lands is computed based on the value of the net area of land sold in addition to its respective share in road areas as determined by the Company's technical management, plus its share of the open area cost as well as its share of infrastructure cost.

**53-24 Employees' profit sharing**

As per the Companies Law, employees are entitled to receive not less than 10% of the distributed profits, after deducting a percentage to support the legal reserve, according to the rules proposed by the Company's board of directors and after the approval of General Assembly Meeting which should not exceed the total employees' annual salaries.

Employees' share in profit is recognized as dividends of profit and shown in the statement of changes in equity and as an obligation in the financial year at which the declaration has been authorized.

**53-25 Earnings / (losses) per share**

Earnings (losses) per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.